The World's Daily Newspaper

London, Saturday-Sunday, January 16-17, 1999

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Brazil Floats the Real, Galvanizing M

A Surprise About-Face on

By Diana Jean Schemo New York Times Service

RIO DE JANEIRO - The Brazilian government, reeling under an unrelenting hemorrhage of dollars from its foreign reserves, reversed course and lifted exchange-rate controls Friday, stunning the world community with a move that sent stock markets soaring here and throughout Latin America

The announcement from Brazil's central bank that it would float the curency came 24 hours after the bank ategorically ruled out liberating exchange rates, and appeared to signal at least momentary conflict and disarray over monetary policy at the top levels of government. A senior official of the central bank, Claudio Mauch, whose resignation was announced Thursday,

was back in charge Friday.

The Central Bank of Brazil will not intervene in exchange markets today," the announcement said, adding that "another communique in this respect will be released Monday."

Within minutes of lifting exchange controls, the Brazilian currency, the real plunged, sending the dollar up to 1.60 reals from 1.32 reals on Thursday. The dollar settled between 1.40 and 1.45 reals by the end of the day.

With investors breathing a continent-wide sigh of relief, the Sao Paulo arket, which has faced double-digit bases for days, began elimbing. The benchmark Bovespa index closed up 32.52 percent, marking a complete recauser from its clide this week and covery from its slide this week and leaving it just 1.22 percent lower for the

Markets rose in tandem throughout Latin America, with Argentina's benchmark Merval index closing 12.5 percent higher. Relief also was registered on Wall Street, with the Dow Jones in-dustrial average closing 2.4 percent higher. (Page 10)

One investment analyst said that markets rose on relief that "the other shoe has dropped," and added, "even if fundamental questions of economic policy have not been resolved, at least the world feels comfortable that Brazil won't burn up another \$10 billion in

reserves while they dither over the next lays and weeks."

Brazil's efforts to protect its economy from the turbulence roiling emerging markets has been a constant preoccupation for Washington and other industrial nations since last summer, when Russia devalued its currency and de-

AGENDA

Clash to Change

EU Government

The fight between two of the

European Union's key institutions,

the Parliament and the commission,

could be the beginning of a sig-nificant change in the way the 15-

nation community is governed.

Observers said that the commis-

sion, which is responsible for pro-

posing and enforcing EU legisla-tion, will have to take the 626-

member Parliament more seriously

after their clash this week in Stras-

Finance Chiefs Meet

As Brazil's sliding currency rattled world markets, finance min-

isters from across Europe and Asia meeting in Frankfurt agreed that such instability had turned into a

major problem, but they could not

reach a consensus on proposals to earb the destructive volatility in the

world's currency markets. Page 9.

Debt Plan for China

Deputy Finance Minister Lou Ji-wei said the Chinese government

would establish asset management corporations to deal with the

massive bad debt owed to its four

biggest banks. But analysts criti-

cized the plan because the corpor-

ations would not be able to auction

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off assets tied to the debt. Page 9.

bourg. Page 4.

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n economies throughout Latin	+ 31.07	1,243.26			

2 of Spain's Biggest Banks To Create European Giant

+71.42

By Al Goodman New York Times Service

Two days ago, Brazil's central bank

See BRAZIL, Page 10

MADRID - Banco Santander SA, the largest bank in Spain, said Friday that it would hay Banco Central His-pano SA, the third-largest Spanish bank, in a deal that would catapult the new

entity into the top ranks in Europe. The 9.71 billion euro (\$11.32 billion) deal would form the second-biggest financial services company, by market cap-italization, among the 11 countries that have adopted a single currency. The new bank would be called Banco Santander Central Hispanoamericano, or BSCH.

Having invested about \$4 billion in Latin America, together they would be the biggest foreign bank in that region. The worldwide assets would total 239 billion curos, and the combined market capitalization now stands at 27.2 billion enros, behind ING Groep NV of the Netherlands, with 47.9 billion euros.

"Putting these two together makes sense," said James Sandison, a director at Edinburgh Fund Managers, which has 11 billion under management and 70 million in Spanish stocks. "It's going to take out a lot of costs."

The banks said they would generate annual cost savings of 601 million curos beginning in the third year."

There is no doubt that this is the first great banking operation since the start of the euro," the chairman of Santander, Emilio Botin, said at a news conference, flanked by the Bauco Central chairman. Jose Maria Amusategui. The single currency was introduced Jan.

1 and is expected to accelerate con-

solidation across European borders.

The terms of the all-stock deal call for Santander to offer three of its shares for every five of Banco Central. The boards of the two banks approved the deal separately Friday.

2,348.24

The combination will solidify Santander's position in Latin America, where it already owns banks in Brazil, Venezuela, Argentina, Mexico, Peru and other countries. The deal also will leave the new bank in a dominant position in Chile, where Santander con-trols the second-biggest bank and Banco Central owns the largest, BSCH would dominate the Spanish

retail banking market and lift the Spanish presence on the European banking scene. Banco Santander already owns .5 percent of the biggest Italian bank, San Paolo-IMI SpA, and is expected to make further purchases in Italy, Banco Central owns 3 percent of Com-merzbank AG of Germany and more than 10 percent of Banco Comercial Portugues SA, and it has an alliance with Societe Generale of France.

"The merger will create a giant in Spain and Latin America," said Javier Requena, bank analyst at Benito y Moniardin. "It will also be a very powerful bank in the euro zone.

The two banks insisted the deal was a er of equals, but Mr. Boun, 64, 8 that Santander's shareholders would control 64 percent of the new entity while Banco Central's shareholders would have 36 percent.

The two will be co-chairmen until Mr.

No Minds Seem Changed on Clinton

See SPAIN, Page 13

2 Kosovo Monitors Wounded In New Outbreak of Fighting



Two Yugoslav soldiers under sniper fire from the Kosovo Liberation Army taking cover Friday behind a tank turret-near the town of Stimlje.

Thousands of Farmers Clash With Chinese Police

Tax Revolt Points Up Tensions at Local Level

By Elisabeth Rosenthal New York Times Service

BEUING — Thousands of farmers demonstrating against local officials have clashed with hundreds of police officers in a town in rural Hunan Province in the latest and perhaps largest in a series of farmer and werker protests around China in the last year.

The main battle, which occurred Jan. 8, left one farmer dead and dozens injured after the police attempted to disperse a buge crowd with clubs and tear gas, said the Information Center of Human Rights and Democratic Movement

in China, a human rights group in Hong Kong. Its account was independently confirmed by local witnesses.

The farmers in Daolin Township, just outside the provincial capital of Changsha, were protesting what they considered to be excessive and arbitrary local taxes levied by corrupt local officials...

In rural China appointed local of-ficials are notorious for imposing arbitrary taxes — school fees, building fees, land use fees, licensing fees — and residents often have little practical recourse but to pay them.

In recent speeches central govern-ment leaders have railed against corruption in general and specifically against the tax burden on farmers, which they see as a source of discontent and a grave threat to social stability. President Jiang Zemin has recently stressed the importance of maintaining order at all costs as the country faces an economic slowdown plus a year of important an-niversaries, including the 50th an-niversary of the founding of Communist China and the 10th anniversary of the killings near Tiananmen Square.

Government television stations and newspapers have featured highly publicized corruption trials and cautionary tales of officials gone bad. And yet corrupt practices cootinue.

Like other recent protests scattered across China, the demonstration in Daolin seemed to prove the maxim that all politics is local. While the world cri-ticizes China's recent crackdown on human rights and political dissent, the protesters in China have focused on more pedestrian issues: a factory that defaulted on pension payments, an investment company that bilked shareholders, the greed of a corrupt local official, and -

as in Daolin — arbitrary taxes.

The incident in Daolin Township, with a population of about 50,000, centered on the activities of an unofficial group established by local farmers late last year and called the Society for

See FARMERS, Page 4

15 Separatist Soldiers Are Reported Killed By Yugoslav Army

By Barry James

PARIS -- Fighting flared on Friday in Kosovo Province, where Serb sources said that at least 15 members of the Kosovo Liberation Army had been killed

in fighting with the Yugoslav Army.
Two members of the observer mission assigned to monitor the truce in the Serbian province were shot and

After a sniping attack on the two verifiers, the first time that monitors for the Organization for Security and Cooperation in Europe have come under fire, a spokesman for the organization said, "The mission will be looking at how this happened, how it can be avoided in the future and how this af-

fects the operation."

The mission was set op in October to monitor compliance with United Nations resolutions aimed at separating the ethnic Albanian rebels and the army and at averting North Atlantic Treaty Organization air strikes on Serbian forces,

The chairman of the Organization for Security and Cooperation in Europe, Knot Volleback, urged the province's ethnic Albanians to refrain from "provocations," which he said "will only bring suffering to the people of Kosovo." He added that some ethnic Albanians saw the verification mission as an impediment to their aims.

Journalists, some of whom also came under sniper fire, said that Yugoslav forces had shelled three villages near Stimlje, 25 kilometers (16 miles) south of Pristina, the provincial capital.

An unidentified British soldier and a Serbian translator with the observer mission were hit by sniper fire as they traveled in armored cars near Decane. 40 kilometers west of Pristina, a spokesman for the organization said. They were not critically wounded and were

taken to a bospital in Pristina Ministers from the capital, Belgrade, held their first cabinet meeting in Pristina to emphasize the government's determination to retain control of the province and to assure Serbs, who make up less than 10 percent of Kosovo's population, that they would not be deserted.

The action by Yngoslav troops and police officers appeared to be aimed at reinforcing that message. Serbian sources said that the police were searching for a "terrorist group" that killed a policeman and murdered seven ethnic Albanians who had sided with the government. In a statement after the meeting, the government warned, "All perpetrators of terrorist acts must be punished for the crimes they committed."

The statement reiterated that Kosovo's problems must be solved through dialogue and accused ethnic Albanian leaders of terrorism. "Avoid-

See KOSOVO, Page 4

IOC Session To Sweep Up Salt Lake Mess

LAUSANNE, Switzerland - The International Olympic Committee said Friday it would hold a special general assembly in March to vote on possible expulsions of members accused of corruption and consider overhauling the Olympic site-selection process.

Juan Antonio Samaranch, president of the committee, said he would convene the extraordinary session of its 115 members March 17 and 18 in Lausanne. A committee statement said, "This

extraordinary session will deal with the final decisions relating to certain members and procedures concerning the host-city election for future Olympic

Mr. Samaranch called the meeting to deal with the bribery scandal surrounding Salt Lake City's winning bid for the 2002 Winter Games, the biggest corruption crisis in Olympic history. Four investigations are under way into allegations that committee members or their relatives got cash payments, scholarships, jobs, medical care, deals on real estate, lavish gifts and other inducements from Salt Lake boosters.

An IOC panel is questioning 13 members about \$600,000 worth of goods and services said to have been provided by Salt Lake City. Committee members and their relatives are not allowed to

accept gifts worth more than \$150.

Mr. Samaranch said Thursday that the IOC had sent letters to the 13 members seeking explanations. They have been asked to report back in writing or appear before the six-man IOC panel on

The panel is to make recommend-See IOC, Page 18

as jurors "If any president commits the crimes of perjury and

nel ferries were used mainly for one

thing, ferrying passengers between Britain and the Continent. But because

of steep competition from airlines and

from the trains that run through the Channel Tunnel, the ferries have had to

lower their prices drastically, and to

Passengers taking trains through the

As a result, they have turned into

Channel Tunnel cannot shop duty free.

floating duty-free shopping centers.

discount malls on the water, places

where the channel's famously bad

weather and stomach-churning waves

are canceled out by the joy of mass

For the consumer, freed from the

look elsewhere for revenue.

obstruction of justice and witness tampering he should not be allowed to remain in office," said Representative Bill McCollum of Florida, the first House Republican prosecutor to

By Brian Knowlton

WASHINGTON - Prosecutors said Friday that a moun-

tain of evidence showed that Bill Clinton committed perjury

and obstructed justice to hide his affair with Monica Lew-

insky, and they insisted on the need to call witnesses to

buttress their case in the presidential impeachment trial in the

But early indications were that the opening arguments were producing little shift in opinion from the 100 senators sitting

make a presentation on Friday.

Allowing the president to keep his office under those circumstances, Mr. McCollum said, "would undermine our

courts and our system of justice."

"If you believe the testimony of Monica Lewinsky, you cannot believe the president or accept the argument of his lawyers." he said in a summary of evidence on behalf of the 13 House prosecutors on the second day of their presentation.

Initial reaction from senators predictably followed party lines. A few Democrats praised the House Republicans who

House Prosecutors Assert That Abundant Evidence Backs Charges are serving as prosecutors for making effective presentations, but none expressed any change in their belief that Mr. Clinton does not merit removal from office.

"Frankly, I don't think there was anything new," said Senator Byron Dorgan, Democrat of North Dakota. But Senator Frank Murkowski, Republican of Alaska, called the prosecutors' presentation "very meaningful, and very

White House spokesmen said the House Republicans were offering nothing but a display of their political intent to damage Mr. Clinton. "I don't think the founders intended a party that is in the majority in the Congress could remove a president at their whim, based on partisan political differences," said Joe Lockhart, the White House press sec-

The majority leader, Senator Trent Lott, Republican of Mississippi, said that the Senate would hear opening arguments Tuesday from the White House lawyers before adjourning to walk to the hall of the House of Representatives for Mr. Clinton's State of the Union message.

■ Speaker Explains Timing on State of Union

Across the Capitol, the House speaker, Deanis Hastert, explained the decision on the State of the Union message in a

See CLINTON, Page 4

Duty-Free Tide Is Ebbing for Europe's Ferries

By Sarah Lyall New York Times Service

ABOARD THE PRIDE OF DOVER, in the English Channel — The white cliffs of Dover looked particularly fine as the ferry sped toward France, but the tourists, swarming through the duty-free shops on board like locusts on parole, were not interested in the view. They had only 75

minutes. They had to shop quickly. Andy Garner and John Hall, police officers bound for Disneyland Paris with their families, were stocking up on cigarettes and beer. Margaret Couch and her danghter, Donna Dickman, heading for France for a day's shopping in Calais, were rifling through the designer sweatshirts.

Derek Kerr and his sister, Pauline, were explaining how they could save a bundle on supplies for a wake for their recently deceased father hy shopping on the boat and in France, where prices are cheaper, and then coming home.
"We wam it to be a festive leavetaking," Mr. Kerr said, putting a bottle of whisky in his basket.

well as the 17.5 percent value added tax it places on most goods, the savings are impressive — even though each passenger is allowed only a certain amount of alcohol and cigarettes per According to the Duty-Free Con-

burden of having to pay the various taxes the government imposes on such huxuries as cigarettes and alcohol, as

See DUTY, Page 4



Andy Garner and John Hall, British police officers taking their families

..... 1.250 JD UAE...... 10.00 Dh

..... Page 13.

Not too many years ago, cross-chan-

to Disneyland Paris, stocking up on liquor aboard a cross-channel ferry. Duty-free sales between EU countries will be abolished June 30.

Ciller, Ex-Prime Minister of Turkey, Back on Political Scene as Power Broker

By Stephen Kinzer New York Times Service

ISTANBUL — Cars were parked two-deep over the weekend outside the waterfront mansion of former Prime Minister Tansu Ciller.

Bodyguards strolled back and forth as they waited for their bosses to emerge from urgent political strategy sessions. Monday it became clear that the sessions had borne fruit. Mrs. Ciller had once again returned from the brink of oblivion to become one of the most

important power brokers in Turkey. It was a remarkable turnaround, even for a politician already known for her resilience. Only a few months ago, Mrs. Ciller was being investigated on corruption accusations so serious that some

believed that she would not only fall from power but also be imprisoned or forced into exile. Now she is a kingmaker who, in the space of two weeks, has broken one potential prime minister and made another.

A report on the political maneuvering bere prepared by Suleyman Tombul, a financial analyst, was headlined: "And the Winner Is ... Tansu Ciller!"

Some Turks view Mrs. Ciller, who has denied all wrongdoing, as cynical and mendacious. Others admire her tenacity and ability to defy the political

Wheo she burst onto the political scene in the late 1980s, Mrs. Ciller (prooounced CHILL-er) was widely viewed as a savior. She was young, female and Western-educated, a seemingly perfect seriously as an emerging power.

But her record as prime minister in the early 1990s disappointed many of her supporters. The economy suffered a sharp decline, and death squads emerged as part of the campaign against Kurdish separatists and their supporters.

After being forced from office in 1995, Mrs. Ciller remained chairman of the center-right True Path Party. Last year she and the prime minister at the time, Mesot Yilmaz, her bitter rival, made a deal to support parliamentary motions closing corruption investiga-tions aimed at both of them.

Mr. Yilmaz was toppled in a oo-confidence vote Nov. 25, and for a time it looked as if one of the sharpest critics of Mrs. Ciller, Yalim Erez, would suc-

leader for a country eager to be taken ceed him. She apparently concluded that she had to stop Mr. Frez, because as a former member of her party he had the potential to win party members to his side and perhaps even force her out of

the party leadership. In a maneuver that astonished the political elite, Mrs. Ciller suddenly announced that she would throw her support behind the leftist leader Bulent Ecevit, with whom she has little in common politically.

Mr. Erez's incipient government quickly collapsed, and Mr. Ecevit formed one instead.

Political cartoonists had a field day with this turn of events. One depicted Mrs. Ciller as Brutus stabbing Mr. Erez, dressed as Julius Caesar.

over a meeting of his new cabinet, with Mrs. Ciller kneeling under the table and

supporting it on her back.
The price of Mrs. Ciller's backing for Mr. Ecevit soon became clear. The man he had chosen as education minister, a strong secularist who had served in the departing government, was given an-

other portfolio at the last moment.

Many devout Muslims detest the minister, Hikmet Ulugbay, for his policies curbing religious academies and banning head scarfs at universities.

During the last election campaign in 1995, Mrs. Ciller, who is in her mid-50s though her exact age is obscure, ran as a secularist and warned that the Islamic rs. Ciller as Brutus stabbing Mr. Erez, political movement would lead Turkey into "a thousand years of darkness." Soon, however, she joined with Islamic

leaders in a new government and was

photographed wearing a head scarf. Now, evidently eager to win votes from practicing Muslims, Mrs. Ciller can claim to be the figure who deposed a

secularist education minister. "By forcing the replacement of Ulug-bay, she will now be able to say at rallies, I am the one who removed the minister who shut down religious academics!

one newspaper columnist wrote. As further conditions for her support of Mr. Ecevit, she also persuaded him to replace the ministers of justice and transportation with allies of hers.

She bad been on the defensive, and she launched a very shrewd and suc-cessful counterattack," said Asaf Savas Akat, an expert on Turkish politics who teaches economics at Bilgi University.

Bonn and Paris Squabble Over **Nuclear Waste**

PARIS - A major dispute loomed between Paris and Bonn as Germany oo Friday rejected paying compensation if it were to end lucrative waste reprocessing contracts with French companies in a review of its ooclear energy

"There is no legal basis for comminister, Juergen Trittin, told a news conference after talks in Paris with his counterpart, Voynet. The two met to discuss the German government's plan to phase out nuclear energy gradually.

Mrs. Voynet, a member of the Greens party, said the French government had not yet decided its position on the issue of compensation. She said a bilateral commission would study bow contracts would be suspended.

Bot senior French officials made it clear France would demand that Bonn stick to the contracts or pay compensation. Germany does not have its own reprocessing plants.

German cootracts running notil 2010 with the French state-run reprocessing cumpany Cogema account for an estimated 20 percent of the company's capacity and total 30 billion francs (\$5.3) billion).

"Germany must keep its commit-ments," Claude Allegre, the minister for education, research and technology, told Europe 1 radio. "The French government will be very firm on this."

"Contracts have been signed," he said. "These contracts must be respected. This is the way to behave under international law."

Mr. Trittin, who is a member of Germany's Greens, is expected to present a nuclear bill to Parliament by Jan. 27. The ouclear shutdown would include a ban on exports of German nuclear waste to France and Britain for reprocessing.

Mr. Trittin said that uoder the plan Germany would take back all noclear waste it has shipped to France, which Cogema has estimated at more than 800

Earlier, a glitch emerged in the German plan when the Greens and ruling Social Democrats failed to agree on a timetable for phasing out reprocessing. Chancellor Gerhard Schroeder, con-

cerned a pullout could put German firms in breach of contract with reprocessors at Cogema's La Hague plant and Britain's Sellafield site, insisted the ban should be delayed by a year, a plan the Greeos have accepted.

■ Companies Question Timetable

German energy companies Friday criticized as too hasty and costly the government's one-year timetable to end reprocessing abroad, Agence France-Presse reported from Bonn.

"The ban on reprocessing depleted fuel a year from now could threaten the operation of atomic plants," three top nuclear energy industrialists said in a letter published by the daily Bild.

The heads of the conglomerates RWE Energie AG, Veba AG and VIAG warned Mr. Schroeder's coalition against "fait accompli" policies that could make "the chances of comprom-



HOT JOB IN ATHENS — A policeman fighting the flames after a firebomb was thrown during a demonstration Friday by students protesting education changes. No police officers were seriously hurt.

TRAVEL UPDATE

Ecevit Warns U.S. on Use Of Turkish Base for Iraq

By R. Jeffrey Smith

ANKARA - Prime Minister Bulent Ecevit of Turkey has sharply criticized U.S. policy toward Iraq and warned that escalation of the U.S. confrontation with Baghdad could undermine support here for American use of a Turkish air base central to enforcement of the "nofly" zone over northern Iraq.

Mr. Ecevit said he favored lifting some economic sanctions against Iraq, the first such statement by a Turkish leader since the sanctions were imposed following Iraq's 1990 invasion of Kuwait. Even so, Mr. Ecevit acknowledged that President Saddam Hassein had become increasingly provocative since the United States and Britain launched four days of air strikes against Iraq last mooth.

Mr. Ecevit, 73, took office on Monday, ending a six-week political crisis, and faces a vote of confidence in Parliament for his cabinet on Sunday. He will lead a largely caretaker government until new parliamentary elec-tions scheduled for April 18.

Speaking in an interview on Thursday, Mr. Ecevit expressed concern that recent U.S. efforts to forge an alliance between the two principal Kurdish groups in northern Iraq may lead to a partition of Iraq and the creation of an independent Kurdish state on Turkey's border. Turkey has been fighting a 14-year battle against Kurdish rebels in

sontheastern Turkey.

In a sign of the growing distance between Turkish and U.S. policy, a senior State Department official traveled to northern Iraq this week for a meeting with Kurdish leaders to encourage their

the Bavarian general elections on Sept.

13. It was a personal triumph for Mr.

Stoiber but not enough to keep the

Christian Democrats in power in elec-

tions in the rest of the country two weeks

tionality criteria, the introduction of the

U.S. effort to determine whether the opposition groops pose a viable threat to the Iraqi leader and are thus eligible to receive a portion of a \$97 million fund created by Congress last year to help undermine the Iraqi government.

Although Mr. Ecevit's grip oo power weak, his hard-line views on the Kurdish issue reflect a broad consensus

among politicians in Ankara.

Turkey has been complaining for years that the trade sanctions against Iraq have cost it billions of dollars, but Mr. Ecevit's call for letting more trade resume comes when many other coun-tries have grown weary of maintaining the embargo.

Somewhat more problematic for the Clinton administration is Mr. Ecevit's expression of concern about what he called an escalation of the confrontation between U.S. and Iraqi military forces, which he said both sides had pro-

Since last summer, U.S. policy in northern Iraq has been to encourage the longtime rival Kurdistan Democratic Party and the Patriotic Union of Kurdistan to form a loose alliance that will "deprive Saddam of the chance to re-assert control" in northern Iraq, according to a senior U.S. official here.

The United States helped foster the cooperation by promising to come to their aid if Iraqi forces try to regain control of the area they now hold, a promise that it may have difficulty carrying out without access to the Incirlik

Mr. Ecevit, speaking of the recent clashes between U.S. warplanes and Iraqi air-defense systems and the continued U.S. use of Incirlik, said, "Thus far, the clashes have not created any efforts against Mr. Saddam. The visit rections problem, but they may create was part of a congressionally mandated problems if the escalation continues.

BRIEFLY

Athens Clashes Mar Education Protest

ATHENS - Tens of thousands of students blocked main streets in Athens and threw firebombs and stones at buildings and riot police, on Friday amid a nationwide protest against changes in educa-

tion policy.
The clashes, in which two police officers and a bystander were in-jured, culminated a week of mount ing friction and rising political-stakes over the changes, which mainly affect the university entrance system and the hiring of teachers."

The main opposition party. New

Democracy, has filed a motion for the removal the edocation minister. It is seen as unlikely to pass. (AP)

Miners Are Warned To Avoid Bucharest

PETROSANI, Romania - The government pledged Friday to use all legal means to stop 15,000 striksing miners from taking their protest to Bucharest, saying experience had shown that such action could set off clashes.

Militant miners in the central Jiu Valley said they would consider their options over the weekend. The strikers' leader, Miron Cozma of the Greater Romania Party, was instrumental in 1990-91 Bucharest protests that turned violent. (AFP)

Accord Over Design Of Berlin Memorial

BERLIN — A 10-year-long disp pute over a Holocaust memorial for Berlin may be over, the Social-Democratic parliamentary leader-said Friday, after the architect agreed to incorporate government

Construction could begin this year, said the leader, Peter Struck. He said the architect, Peter Eisenman, had revised his plan for a maze of 2,700 pillars, making it less

Correction

Due to editing errors, an article Thursday incorrectly converted to dollars the European Union's 85-billioneuro budget. That is roughly equivalent to \$99 billion. The article also noted the European Parliament's refusal to approve the EU's budget but gave the wrong year. It was the 1996 budget.

Social Union's sister party — as the parties choose a candidate to oppose Chancellor Gerhard Schroeder in the Agence France-Presse was his life's work. MUNICH - The conservative Bay-But that month he challenged Mr. Schroeder and won, securing an un-

Outspoken Bavarian Premier to Lead Christian Social Union

arian state premier, Edmund Stoiber. who prefers traditional lederhosen to a

suit and tie, takes over Saturday as bead of Bavaria's ruling party in a move that could lead him to the chancellorship. Mr. Stoiber, 57, who has led the state government since 1993, will be elected at a special party congress to succeed the former finance minister, Theo

Waigel, as president of the Christian Social Union. It will automatically make him a rival to Wolfgang Schaeuble, the leader of the Christian Democratic Union - the

Moscow Metro Cards

MOSCOW (AFP) - It was the end of

Muscovites have two weeks to use their last tokens before the 4-ruble (18-U.S.-ceot) disks become obsolete.

As of Jan. 1, fares for a 60-journey

card cost 120 rubles, and monthly bus-

and-metro card 260 rubles.

the line for Moscow's metro tokens Fri-

day as the subway system makes way for an era of automatic cards from Feb. 1.

2002 elections.

Mr. Schaeuble succeeded former Chancellor Helmut Kohl as head of the party last year after the latter's defeat in geoeral elections. He bas said he could easily eovisage Mr. Stoiber as a candidate for the top government post. Mr. Stoiber denies any such ambi-

"The leader of the opposition is Wolfgang Schaeuble," be said re-Mr. Stoiber had also majotained until

last September that governing Bavaria

The U.S. State Department has

The P&O Stena Line ferry com-

warned Americans against travel to An-

gola because of renewed fighting and

violent crime there.

Emerging from the wreckage, the Social Unioo now claims to be the spearbead of the opposition, attacking the Social Democratic Party's policies oo immigration, the easing of tough na-

euro, and relations with the Commun-Mr. Stoiber pulls oo punches, comexpected victory for the Social Union in

paring proposals to allow double na-tionality to the terrorism of the Red Army Faction guerrilla group in the 1970s and '80s. Mr. Stoiber's election Saturday by 1,000 Social Union delegates is a formality, but his progress beyond that is less

The uncontested ruler in Bavaria, where high-tech industries flourish alongside lederhosen, Mr. Stoiber could find that in the rest of Germany he is

WEATHER



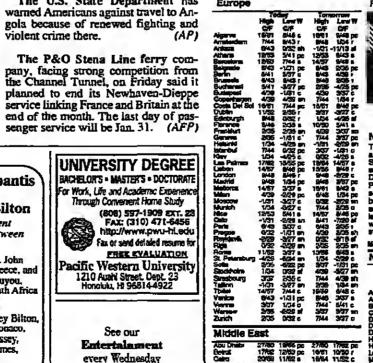
Mr. B.E. Nalbantis Miss T.E.L Bilton The engagement is announced between Basil. son of the late Mr. John atis, of Veria Greece, and of Mrs. Kyveli Couyou, Vanderbijlpark, South Africa and Tanya, daughter of Mr. Godfrey Bilton,

of Monte Carlo, Monaco, and Mrs. Anne Passey,

Uoited Kingdom

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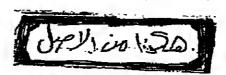
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Clinton's Prosecutors Pin Hopes on Senate Approval of Witnesses ratings of the Republican Party bad sunk after the shot at best at assembling the 67 vor remove Mr. Clinton from office.

WASHINGTON — The arguments of the House "managers" of Bill Clinton's impeachthent trial, on one level, were about what the evidence against the president already showed, but the strong subtext was that they could not win their case without more evidence, from live

As they laced their opening arguments in the senate on Thursday with colored charts, video-table, a litary of facts and a studied deference to the upper chamber, they were also fighting to keep a majority of the Senate from repudiating later this month to end the trial abruptly or to

managers spoke in almost identical terms.
"So who is telling the truth?" one of them,
James Rogan, Republican of California, asked
rhetorically. "The only way to really know," he

responded, "is to bring forth the witnesses; put them under oath,

ANALYSIS and give each juror, each member of this body, the opportunity to make that determination of credibility."

The other, Asa Hutchinson, Republican of Arkansas, posed two questions: "Can you convict the president of the United States without bearing responsible the testiment of one of the hearing personally the testimony of one of the key witnesses?" and "Can you dismiss the the whole House impeachment process by voting charges under this strong sense of facts and circumstances without hearing and evaluating

Their determined message emphasized how -despite the day's judicial air, reinforced by the presence in the Senate chamber of Chief Justice William Rehnquist in his black robe - the impeachment trial of the president was not a straightforward legal proceeding that would ne-cessarily move automatically to the standard calling of witnesses and cross-examination.

Nor is this a jury quite like any other. Far from being sequestered from the passions of the day, these are 100 senators well aware of public impatience with the Monica Lewinsky case. Just this week, Senate Republicans sat in a closeddoor meeting examining polling data that showed that a majority of voters opposed Mr. Clinton's impeachment and that the approval

Discussing the data underscored the fact that some senators, particularly those up for election in 2000, were likely to consider not only the facts of the case but how their votes would affect their own political survival. And many senators of both parties were desperate to maintain the dignity of their chamber and to keep impeachment from propelling them into the same kind of fierce

partisanship that, they say, sullied the House. House Republicans had as their primary goal Thursday to win a back-to-back series of Senate votes set for the week of Jan. 24: one on whether to adjourn the case after opening arguments and one on whether to allow the deposition of witnesses.

While they are thought to have only a long

shot at best at assembling the 67 votes needed to remove Mr. Clinton from office, they believe their chances will be improved if a parade of witnesses can either sway the country or cause more senators to take a second look at the charges that the president obstructed justice and

committed perjury.
So far, no one knows how the Senate will answer the House's call for a cast of witnesses beginning with Ms. Lewinsky. Senator Ted Stevens, Republican of Alaska, said he had been persuaded to vote for witnesses. But even Mr. Stevens had no doobt that the ultimate case against the president was unlikely ever to Succeed. "I think too many minds are made up already," he said. "I don't think you'll see it

White House Is Silent As Charges Are Heard

By John F. Harris

WASHINGTON - An hour before senators began hearing the case that President Bill Clinton is a lawbreaker, he was standing in the gymnasium at the Alexandria, Virginia, police headquartrs making the case for his credentials as a law enforcer.

He was ready with good-news stat-istics about violent crime rates going down as police hires go up — in part a consequence, he contended, of the crime bill he promoted to a close-call passage in his first term. But Mr. Clinton said he did not want to boast: "1 would rather say less and do more."

That may be a credo this loquacious president bas sometimes had trouble following, but he and his aides were following it Thursday on the one subject that hung over his day like the icy rain outside. Mr. Clinton did not watch his impeachment trial, and uttered oothing publicly all day about it.

Even his famously aggressive White House staff, for the most part, let the extended Senate floor assault oo Mr. Sinton's conduct and integrity pass on thout commentary. The news briefing by the White House press secretary, Joe Lockhart, which otherwise would have occurred just as House prosecutors were starting opening arguments, was

No ooe at the White House tried to put a business-as-usual face on during an unusual day. It was just that, in a turn of plot that was itself unusual, the White House decided there was little constructive to say. The plan is to have Mr. Clintoo say nothing about impeachment and, so far as possible, for his aides to do the same, while proceedings on the

Senate floor are taking place. It is a strategy - no public cam-

1 to the day War

1-11-120-03

paigning only tepid behind-the-scenes lobbying — that makes sense as a matter of politics and law, say some Clinton advisers, but noneth against the instincts of a president whose usual practice has been to lead the fight bimself on ethical controversies. On the most critical battle of his political life, Mr. Clintoo has been

consigned to passivity.
"It's brutal," said one Clinton adviser, a former senior administration official. "He really has to bite his tongue. He knows he's good; his persuasive abilities are his greatest strength and he wants to use that on his own

A White House official said of the opening of the case against Mr. Clinton in the Senate: "We don't want to be in the business of providing theater cri-

"We want to do everything we can to make the case in the court of the public opinion," the official said, "but we're not going to do anything that hurts our case in the court of the Senate."

The White House is on warning that its public comments are not particularly welcome in the Senate. Several Democrats, according to administration and congressional officials, warned the White House that the president's cause would be hurt by anything that looked like public campaigning in an already politicized case.

Mr. Lockhart said he had canceled the press briefing for logistical reasons more than political ones. At 1 P.M., White House reporters would want to watch the opening arguments, and there was no time later in the day. Gregory Craig, one of the president's lawyers, made a oneminute statement, avoiding a broad rebuttal to the Republican case and instead focusing narrowly on a single comment



A CUBAN WELCOME — President Fidel Castro of Cuba greeting President Andres Pastrana of Colombia, left, as he arrived in Havana on Thursday. Mr. Pastrana is on a three-day official visit.

• Doctors know too little about the • Pentagon officials say all computer

health of lesbians, says a new study that systems critical to U.S. national de-

urged the government to rectify a lack of

research on the health needs of these

women. The government had asked the

Institute of Medicine, an independent

science organization, to investigate les-

Higher Tax on Cigarettes Sought for New Spending

By John M. Broder

WASHINGTON -- The Clinton administration plans to propose a federal tax increase of 55 cents a pack on cigarettes to help pay for new domestic and military spending programs, ac-cording to White House and congressional officials

The new tax, if enacted, would raise \$8 billion a year over the next five years and would be used to help pay for a host of new social initiatives that the president has announced during the last two weeks, including expanded after-school programs, support for disabled workers, hiring of more police officers and a tax credit for people requiring long-term medical care. The money would also help offset \$100 billion in new Pentagon spending over the next six years.

The president has not announced how be intends to pay for these programs, promising that the details would be provided in the budget he submits to Coogress on Feb. 1. But the White House has long signaled its intention to seek more money from tobacco, and officials confirmed a report in The Wall Street Journal on Thursday that Mr. Clinton will propose the tobacco tax. which is oow at 24 cents, as part of a

fense, including those linked to noclear

weapons, will be safe from program bugs before 2000. "We will be 100 percent ready by the end of the year."

Deputy Defense Secretary John Hamre said. As of Dec. 31, 1998, the Pentagoo had certified that 81 percent of "mission critical" computer systems were

ready, he said.

expensive for some potential smokers.

But the money to be raised by the new levy would not be designated solely for anti-smoking programs, but rather to pay for a range of social initiatives, according to a senior White House of-Mr. Clinton is attempting to tap the

package of tax increases and loophole-closings that the administration intends to push to pay for new programs. Mr. Clinton plans to discuss in the

State of the Union address next week his

administration's efforts to reduce

smoking by teenagers, including the pro-

posed tax increase to make cigarettes too

tobacco industry for the second time in a year. In last year's budget, he assumed that the federal government would collect \$65 billion over five years from a proposed national legal settlement with the tobacco industry. But the national pact died in the Senate and the administration realized none of the anticipated revenue.

The administration hopes to claim some of the \$206 hillion the industry agreed late last year to pay 46 states to settle dozens of outstanding lawsuits filed by the states seeking reimbursement for health-care costs caused by smoking. Officials are considering withholding a portion of state Medicaid reimbursements to recoup part of the federal share of the expenses of smoking-related diseases.

Cigarette companies raised prices by 45 cents a pack to pay for the settlement with the states, driving the price of cigarettes to more than \$3 a pack in most markets. The administration's 55-cent increase would be in addition to the industry's price increase and would more than double the federal tax oo were cigarettes, which is already scheduled to (AP) - rise to 39 cents a pack in 2002.

POLITICAL NOTES

WASHINGTON - With President Clinaddress to a joint session of Congress on Tuesday night, many Republican lawmakers are wrestling with how to demonstrate respect year so that he can become speaker. for the office of the presidency without endorsing the conduct that prompted them to

impeach the chief executive in December. Even Christopher Shays of Connecticut, ooe of a handful of Republican House members who voted against impeachment, voiced concern about whether he could afford to be caught on camera clapping when the president announces a policy initiative he supports.

"From a selfish standpoint," Mr. Shays
said, "I just wish he wouldn't do it."

... Senator Phil Gramm, Republican of Texas, said, "I think basically that it's inappropriate to adjourn a trial to bring the jury over for a pep rally for the accused. I think it puts us in a kery difficult position, and I'm sure it's going to be a very difficult night."

The timing is particularly difficult for some because Mr. Clinton's lawyers are to start mounting his defense oo the same day. Senate Republican leaders rebuffed a White House proposal to stop the trial a day for the speech.
Many Democrats intended to turn out and cheer Mr. Clinton. Representative Eliot Engel of New York said it was "more important to the proposal to stop the proposal to stop the proposal to stop the proposal to stop the trial a day for the speech.

than ever to be there for the president. A few Republicans have decided to skip the address. Representative Tom Coburn of Oklahoma said he would remain in his district. "The timing is wrong right now," he said. "I don't think it hurts the nation one bit to delay

it two or three weeks." speech bot stay far from cameras.

To Clap or Not to Clap? Gephardt Seen Staying

WASHINGTON - Representative Dick ton planning to deliver his State of the Union Gephardt, the House minority leader, seems poised to forgo a run for president, trying instead to get more Democrats elected next

> Mr. Gephardt, a 12-term Missourian, has given himself until the end of January to announce his decision. His aides say be has oot made up his mind, but all signs point to his staying in the House.

It now appears evident that he all but arrived at that decision when the Democrats mexpectedly picked up five House seats in November. But the impeachment proceedings against President Clinton complicated and clayed a final determination.

Despite Mr. Gephardt's years of preparation for a presidential run, be remains well behind Vice President Al Gore in fund-raising, organization and public-opinion polls.

At the same time, the November elections oot Democratic chances of recapturing the House tantalizingly close: only six more seats. Mr. Gephardt already has redeployed two aides from working on a presidential run to the Democratic Congressional Campaign Com-

Quote/Unquote ...

Retired General Colin Powell, saying he was comfortable with his decision to remain in private life and referring to Michael Jordan's announcement that he was "99.9 percent" sure he would not play basketball again: "I found Michael a little wishy-washy. two or three weeks."

He said 99.9 percent. I'm more sure than that.

Mr. Shays said be would be present for the

I have been comfortable with it from the day I (WP) made it, 100 percent."

Where the world meets

Away From Politics

Health officials hoped to vaccinate several thousand people in Duluth, Min-

nesota, to contain an outbreak of the

bacteria that cause meningitis. Four

people have been hospitalized with the

pacteria this week.

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Bonn to Compensate U.S. Citizens

The Associated Press day confirmed an agreement with the United States to with the United States to BONN -- Germany on Frimake compensation payments to Americans im
U.S. citizens who had been laborers and Nazi victims menus to much concentraprisoned in Nazi concentration camps who have so far

excluded from any compens—
who lived in the Communist
arion payments "for formal countries of Eastern Europe -- received nothing. agreement was not claborate.

teached in December, the government press office said in a statement. Citing a con- under increasing pressure to fidentiality pact with U.S. of- settle outstanding compensficials, the statement did not ation claims, both moral presgive the amount of total or individual compensation, nor did it say how many people were affected.

The newspaper USA Today, citing parties involved, reported that 235 Americans were to receive payments of \$30,000 and one-time \$250,000. U.S. authorities will distribute the payments. The total sum to be paid still must be approved by German financial authorities,

The statement said the sure from Jewish organizaagreement was based on a tions and legal pressure from reasons." The statement did after World War II.

The German government ment has agreed to administer and German companies are the funds for both groups.

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Germany's new govern-

EU Commission Needs to Keep an Eye Out for the Parliamentary Wolf

By Barry James mernational Herald Tribun

STRASBOURG — The bruising fight this week between two of the European Union's key institutions, the Parliament and the commission, could be the beginning of a significant change in the way the 15-nation community is governed.

Observers said that the commission, which is responsible for proposing and enforcing EU legislation, will have to take the 626-member Parliament more seriously. The Parliament is up for direct election across Europe in June, and several members said that by locking homs with the powerful commission, the assembly would be able to raise its profile with the electorate.

In threatening to censure the commission over allegations of graft and mismanagement, the Parliament gave the executive body a serious fright. Had the motion passed, all 20 commis
bite. Its teeth are there and ready to bite." sioners would have had to resign.

groups, the Socialists and the Christian Democrats, repeatedly shown how EU institutions waste

backed away from this abyss. Nevertheless, several smaller parties pressed on with the attack, and a censure most of consure only institutional consurer of the consumer of th unexpectedly large support of 232 members.

However, the motion failed to receive the twothirds majority of sitting members needed to dismiss the commission.

It was the fifth time that the deputies had attempted to censure the commission, but never before had the opposition been so widespread. ANALYSIS After the vote, the Parlia-

ment's president, Jose Maria Gil Robles of Spain, was asked if the failure of the censure motion was not yet another example of parliamentary tooth-lessness. He replied that critics of the commission had often cried wolf, but nothing had

The fraud and mismanagement charges are Most members of the two major political nothing new. The EU's court of anditors has confidence against individual commissioners.

not been immune from the anditors' rebuke. What was really at stake here was the Parliament's position vis-à-vis the commission. For Parliament's anger. Last month it refused to months, the commission has stonewalled or fobbed off questions about alleged graft and incompetence. It enraged many in the Parliament last month by suspending an official who made doing or mismanagement that occurred in that public documents suggesting that the commission ed covered up cases of financial wrongdoing.

There was thus a widespread desire to teach the commission a lesson. Many members of Parliament were frustrated by their inability to sanction certain commissioners, particularly Edith Cresson of France and Manuel Marin of Spain, who headed departments in which alleged fraud had taken place.

Mr. Gil Robles said he would seek a change in

Jacques Santer, the president of the commission, appears to have seriously miscalculated the approve the commission's accounts for 1996 because of what it considered an inadequate response to cases of alleged financial wrongyear. Mr. Santer responded by telling the Parliament to support the commission or remove it, a

gamble he came unexpectedly close to losing. Mr. Santer has had to accept a parliamentary demand for an independent committee of management and accounting experts to review the commission's procedures. In a couple of months, right around the time that EU governments are to meet in Brussels, the Parliament will again review the question of the 1996 accounts, and the the EU treaty to enable Parliament to call a vote of corruption issue could blow up all over again. As many members of Parliament see it, this com-The debate showed the unwieldiness of a sim- mission is on probation.

Mr. Santer, in contrast, said he interpreted the

vote as a gesture of confidence The Parliament now appears likely to become a more powerful player in the triumstrate of institutions that rules the EU: it, the commission

and the council, representing governments. Originally only a consultative body, Parliament now shares powers of decision in several areas. It holds quarterly meetings with the European Central Bank. And, once the An. sterdam Treaty comes into force this year, it will have the power to veto government nominations

for the next commission. The Parliament insists that the commission mast become more "democratically accountable," How far it succeeds in imposing its will could depend to a large extent on the June election. 14

In the past, parliamentary elections have aroused little more than apathy among mest voters. Now, political parties are hoping that the tussle with the commission will help them to roll out the votes and help the Parliament fulfilling role as the people's voice in Europe.

CLINTON: No Minds Seem Changed in the Senate

Continued from Page 1

letter to House members, news agencies reported. The schedule would be kept "out of respect for the office of the presidency and for a desire to hear about the state of our nation," Mr. Hastert said.

Some Republicans had suggested that the speech be canceled, while Democrats had urged that the trial be postponed for a day to avoid an awkward

juxtaposition of the two events The second full day of the trial seemed to capture less of the nation's interest. Major television net-works that carried the start of Thursday's session did not do so across the nation Friday. The Senate gallery, packed on Thursday, was three-quarters full.

Senators returned to the Capitol still mostly divided along party lines on the crucial issues of calling trial witnesses and whether Mr. Clinton should be removed from office. The Senate minor-ity leader, Tom Daschle, Democrat of South Dakota, said the president would not come to testify, and he called Republican suggestions that Mr. Clinton do so "a nonissue."

Senator Edward Kennedy, Democrat of Massachusetts, called the House prosecutors' case an 'effective presentation' but added that so far he believed the case "would not rise to the level that was thought to be the standard by our founding fathers" for removing a president from office. Outside the chamber there was much discussion

of potential witnesses.

"I'm in favor of having witnesses if they can shed light," said Senator John Chafee of Rhode Island, a moderate Republican the White House had hoped would join Democrats in opposing the

calling of witnesses. "I think we can do it in an effective way," Mr. Chaffee said in an interview with CNN just before the trial resumed. "Have them stick just to the narrow points. We don't want them wandering all over the place. We don't want an army of witnesses, but I think a few would be helpful."

Mr. Clinton addressed a "reinventing govern-ment" forum at the State Department before flying to New York on Friday to announce an economic initiative that is designed to encourage investment in underserved inner-city and rural communities.

Mr. Lockhart, the White House spokesman, said

the president received a 10-to-15 minute "rundown' from his lawyers Thursday night on developments in the trial's first day. Mr. Lockhart attacked the case as presented so far.

"There's no testimony that proves the president committed perjury," he said. "There's no testimony that proves the president obstructed justice. In fact, there is direct testimony to the contrary."

Representative Ed Bryant, Republican of Tennessee, said his fellow House prosecutors would be interested in calling "three to eight" witnesses. "It's the usual people. No surprises," he said. Among those that have been mentioned are Ms.

Among those that have been mentioned are Ms. Lewinsky, the president's friend Vernon Jordan and the Oval Office secretary, Betty Currie.

Repeatedly, Mr. McCollum, one of the House prosecutors, called the case against the president and the conclusions his Republican colleagues had drawn "common sense" and "logical." And he repeatedly attacked the president's likely defenses on the key events that the prosecutors say were acts

of obstruction of justice. Focusing on efforts to find Ms. Lewinsky a job, Mr. McCollum said the president's lawyers were likely to argue that she was looking for a job in New York a long time before the president had reason to

believe she would become a witness against him.
"There's no question about that," Mr. Mc.
Collum said. "The question is whether or not the
president intensified his efforts to get her a job and make sure she got one after it became clear to him that he would need her to lie."

Mr. McCollum cited some of the more harid details of Ms. Lewinsky's testimony about her sexual contacts with Mr. Clinton, each time contending that her version of events was correct and that "the evidence indicates that he lied." One time the lawmaker called Mr. Clinton's alleged perjury before a grand jury "big time." (AP, Reuters)

■ Partisan Disputes Resume Off Floor

Eric Schmitt of The New York Times reported

Senate Democrats and Republicans, who sit silently in their chamber seats during the impeachment trial, resumed their verbal brawl off the Senate floor over whether to call witnesses, imperiling

a fragile bipartisan pact.
Democrats accused Mr. Lott on Thursday of double-crossing them by directing a small group of Republican senators to meet secretly with the House prosecutors and help them devise criteria for determining whether witnesses would be called.

All 100 senators agreed last week to postpone a vote on whether to call witnesses until later this month, after presentations from the House managers and the White House.

Some Republicans shot back that Democrats had deliberately rebuffed a belated invitation to join the talks as part of a strategy to sharpen the partisan divide over witnesses and to paint the Republicancontrolled Senate as being as hostile as the House is

House managers wove appeals to permit witnesses could undermine the Sensie's earnest attempts to could resolve conflicting testimony.



GOING BY THE NUMBERS — Young Japanese women phoning friends as they left a coming-of-age ceremony Friday in Tokyo. The number of Japanese who turned 20, the age considered adult, in the year leading up to the rite declined for the fifth year.

throughout their oral arguments to the senators avoid the clashes that split the House. "This could Thursday, they made the same point in a detailed rebuttal to the trial memorandum that the White House filed Wednesday.

To the extent that the president's trial memorandum "raises issues of credibility, those issues are best resolved by live testimony subject to crossexamination," the House brief said.

Whatever frail cooperative spirit created from an unusual joint cancus Friday seemed to be hanging by a thread, especially after some Democrats also ailed Republicans for acting complicitly in the House managers' decision this week to approach two potential wimesses, Ms. Lewinsky and Kathleen Willey, about their possible testimony.

lead to our making the same awful mistakes that the House made," he said.

As Republicans defended both the meetings with the House managers and the prosecutors' decision to set up informal talks with Ms. Lewinsky and Mrs. Willey, the senators who met with the prosecutors were divided over whether the gatherings should continue

But Senator Jeff Sessions, Republican of Alabama, said: "This is a tempest in teapot, and I consider it over. I don't think there's any further need to meet." He said the Republican senators, including Arlen Specter of Pennsylvania and Jon Kyl of Arizona, had made clear to the House ward Mr. Clinton.

Senator Patrick Leahy, Democrat of Vermont, managers that they needed to winnow their wish list voiced concern that the Republican only meetings of 15 witnesses, and focus on those witnesses who

KOSOVO: Fighting Flares

Continued from Page 1

ance of a political dialogue on the side of certain Kosovo Albanian representatives who do not wish for a political solution and who obstruct the political

solution and who obstruct the pointing process directly incites crimes by the rorist gangs," it said.

Verifiers were not present at the scene of the fighting on Friday and the 15 reported deaths could not be independently confirmed. If the figure is accurate, the process of it would be the highest death toll since border guards said last month that they had killed 36 separatists smuggling arms from Albania into Kosovo. The violence dashed hopes that the Kosovo Liberation

Army's decision on Wednesday to Rolease eight captured Serbian soldiers might have quelled tensions.

General Wesley Clark, NATO's spreme commander in Europe, warnedin Sarajevo that "very wide-scale fighting" could break nut in Kosovo with the ing" could break nut in Kosovo with the onset of warmer weather in spring unless a political solution was reached.

"Both sides are preparing for the sen-flict should negotiations full," he side.
"As we look toward the spring, whatwe see is a continuing risk that conflict will return to unacceptably high levels. 'H' General Clark, visiting troops with the NATO-led Stabilization Force in Bosnia, said that there were ominous sions that President Slobodan Milosevicl of

a wide-scale offensive." The Albanian daily newspaper Koka Jone said, meanwhile, that Albanian Army tanks moved to the north of the country after reports that Belgrade had threatened to attack Albania.

Yugoslavia was "possibly preparing for

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Albania rejected Serbiantaccusations that it was harboring separatists on its territory. "The Albanian government declares that in Albania there are no terrorists or terrorist bases, only innocent Albanians whose homes were burned by Serb soldiers and policemen, 'a small ment said. It accused Serbia of planning broad new action in the province. "W.

More than 1,000 people have been killed since Mr. Milosevic launched a crackdown in February to crush Kosovo's separatists.

AMERICAN TOPICS

Don't Expect Privacy in the Workplace

American law provides considerable protection to privacy in the home. But the same is far from true of the workplace

More than 40 percent of U.S. corporations engage in some intrusive employee monitoring, according to a survey by the American Management Association. This can include checking of e-mail, voice mail and telephone conversations, recording of computer keystrokes, and video recording of job performance, reports Scientific American. Fifteen percent of corporations conduct psychological testing of employees, while 1 percent do genetie testing.

At the same time, many employers are not as closed-fisted about their uses of the information they glean as privacy advocates would like. One quarter of Fortune 500 companies surveyed by

University of Illinois researchers released confidential employee information to government agencies without a subpoena; 70 percent gave the information to credit grantors. Yet, three-fourths of companies would not allow employees to see su-pervisors' evaluations of their own performance. Courts have generally backed such practices, saying companies have legitimate concerns with pre-

range companies have legitimate concerns with preventing theft, raising productivity and preventing corporate spying. Only a few states have banned random drug testing, genetic tests and video surveillance in lockers and bathrooms. Yet no state offers strong protection to workers using e-mail or the telephone, and none bans intrusive psychological testing. Proposed federal legislation to give workers greater privacy protections was shelved in 1994.

An archeological dig in downtown Miami has yielded intriguing remnants of what appears to be a sacred ceremonial ground of a long-vanished tribe. The mystery of just what once lay at the spot, at the mouth of the Miami River, has drawn psychics, chanting Buddhist monks and mystics with divining

rods, reports the Los Angeles Times. After a 1930s-era apartment building was razed

nmer, an archeologist hired by the develop found that the limestone bedrock contained more than 200 holes that formed a perfect circle with a 38-foot (11.5-meter) diameter. In depressions within the circle, diggers found ax heads of basalt, not native to the area. Holes outside the circle form an east-west axis corresponding to the sun's apparent movements, suggesting the site could have been an astronomical observatory, perhaps 500 to 800 years ago. Given the value of Miami real estate, archeologists know they have little time to document the site; they hope to be able to cut out pieces of rock and preserve it elsewhere. Meanwhile, members of a local UFO cult say the explanation for the circle is obvious: The holes could match up with the landing gear of a flying

Hospitals in many parts of the country have had to postpone elective surgery as the recent harsh winter weather worsened the usual post-holiday blood shortage. A stockpile of three or four days' worth of blood is typical, but half of U.S. blood banks now have less than a one-day supply, according to the National Association of Blood Banks.

Brian Knowlton

DUTY: Tide Ebbs for EU Tax-Free Shops

Continued from Page 1

federation, an industry lobbying group, a carton of 200 Silk Cut cigarettes, which would cost \$52.70 in a normal British store, costs \$25.30 on the ferry. A liter

bottle of Gordon's gin sells for \$13, down from \$25.25. But the \$1.6 billion-a-year British duty-free industry may well be living on borrowed time. Eight years ago, the European Commission decreed that as part of the European Union's drive to-ward harmonization, it would eventually abolish duty-free shopping between

European countries. If the commission makes good on its pledge, while passengers to countries outside the European Union would still be able to buy discounted perfume, chocolates and handbags, those travel-ing within Europe would see such op-

portunities disappear in a flash.

No more discounted Hermes scarves at Charles de Gaulle Airport in Paris. No more cheap last-minute gifts from the Harrods outlet at Heathrow, calculated to make your husband think you had thoughtfully shopped at the actual

Zero hour was set for June 30, 1999, and there seems to be little that anyone can do to stop it. In December, Prime Minister Tony Blair of Britain said his government would join with France and Germany, which both oppose the change, to try to find a way around it. But without the support of the rest of

the European Union countries, it is doubtful they will get very far. The arguments against duty-free shopping within the new, unified Europe are simple. If borders in Europe are all but dissolved, the thinking goes, then why preserve an anachronistic throwback, a vestige from the days when the borders were serious things and traveling from one European country to another was as laden with red tape as traveling to the United States? And why should one group of people have to sub-sidize the purchases of another group,

who happen to pass through an airport?

"It is time that people who do not travel stopped having to pay for the boondoggies and beanos of those who do," Andrew Mackinlay, a Labor member of Parliament, said in a House of Commons debate last spring.

But his was a lone voice of dissent, drowned out as politicians from all parts of the political spectrum rushed to de-fend the inalicnable right of Britons to buy cheap huxury goods while on va-cation. Supporting duty-free shopping is a popular political position, of course: What politician in his right mind would want to go on the record as meanly opposing his constituents' right to pay

less for more? Member after member rose to describe the number of jobs that would be

lost at airports, ports and in the travel and liquor industries if duty-free shopping were abandoned — by one estimate, 30,000 in Britain alone. They spokexpf the tedium of traveling, of the triumph that comes from buying goods at a dis-count, of the feeling that duty-free shopping is a right, not a privilege.

Bill O'Brien, a Labor member of Pal liament, read aloud a letter from a constituent, one Mrs. C. Eason. "Duty-free shopping is part of the fun of going on holiday," she said. "Everyone likes to think they are getting a bargain."

FARMERS: A Local Tax Revolt Continued from Page 1

Reducing Taxes and Saving the Nation, said an employee of a local radio station.

He spoke by phone but would not give

Such a group presumably was not officially registered with the local government as is technically required of all organizations in China. On Jan. 8, the local public security bureau attempted to disband the group and detain the organizers, sparking the protests.

The numbers of demonstrators has ebbed and flowed this week, although details of the confrontation are scarce since Chinese news organizations do not normally report on such protests and foreign journalists are not permitted goar

The radio station employee said that when the police moved in Jan. 8 at the height of the protest, about 10,000 protesters were involved; the Hong Kong human rights group placed the number at

The farmer who was killed was hit with an exploding tear gas canister and bled to death before help arrived.

While the human rights group placed the number of injuries at about 100, the radio employee said it was unlikely to be

radio employee said it was unlikely to be that high. He noted that crowds were large in part because it is midwinter and "local people don't have much work on their hands."

The Hong Kong group said that, a second demonstration occurred Jan. 9 and was put down by 500 soldiers. It also said that three smaller protests had taken place since at the provincial government office to press demands that the victims receive compensation.

Jerzy Grotowski, Director, Dies

Pole Ranked Among 'Great Visionaries in Modern Theater'

By Mel Gussow

Jerzy Grotowski, 65, the Polish director who was one of the most important and influential theatrical innovators of his time, died Thursday in Pontedera,

Mr. Grotowski died after years of fighting leukemia, said the director Andre Gregory, a friend.

As founder and head of the Polish Laboratory Theater, as a teacher and as the author of a seminal 1970 book, "Toward a Poor Theater," Mr. Gro-towski had a profound effect on the art of acting and on the experimental theater movement.

The actor, he said, must be "the direct creator in

the same sense as a poet or painter." The focus in his work was on "the immediate act that must exist during the performance which is, for me, the axis of my attitude toward the theater."

Mr. Gregory called him one of "the great visionaries in modern theater."

Summarizing Mr.

Grotowski's approach to acting, Mr. Gregory said, "He saw the entire actor as an emotional, physical and vocal instrument." As Peter Brook has said, "No one since Stan-

islavsky has investigated the nature of acting, its phenomenon, its meaning as deeply and completely as Grotowski. In his teaching and his direction, Mr. Grotowski looked to the mythic roots of the art. In "Toward a Poor Theater," he posed the question, What can the

theater do without? He answered that it could do

without lights, music, scenery, it could even do

without a theater. What it needed was one actor and one member of the audience.

The idea, he said, was to "enlarge on images deeply rooted in the collective unconscious." His theater was spiritual, ritualistic and nonliterary—and extraordinarily challenging for the actor and for the audience. The actors, fiercely trained under his leadership, were called on to use their bodies and voices in strange and demanding ways and to create

dehumanizing sounds in performance.

In the 1980s, he found a home in America. teaching at Columbia University and, for several years, at the University of California at Irvine. Eventually, he was awarded a "genius" grant from the MacArthur Foundation. In recent years he worked at his theatrical center in Pontedera, Italy. Raymond Peynet, 90, French Illustrator
The Associated Press

- Raymond Peynet, 90, the cartoon illustrator whose drawings of young lovers em-bodied romance for generations of the French, died Thursday near Cannes. His daughter, Annie Peynet, said her father died in his sleep of natural causes. Mr. Peynet created his starry-eyed "Lovers" during World War II. They hold hands, kiss and

simply embrace in an expression of tender devotion that Miss Peynet said reflected his own marriage.
His drawings of "Les Amoureux" (The Lovers) are widely used in France to symbolize Valentine's Day, they were emblazoned on scarves, greeting cards, posters, jewelry, a postage stamp, and even national lottery tickets sold Feb. 14.



HOOKED - Jim Mindell landed the Scottish season's first salmon Friday from the Tay in Kenmore.

Now Presiding Over Balkan War Crimes, a Civil Rights Lawyer

By Marlise Simons
New York Times Service

THE HAGUE - Gabrielle Kirk Mc-Donald is not easily intimidated. As a federal judge in Houston in the 1980s, she faced down the local Grand Dragon of the Ko Klux Klan, who told her in her -own courtroom that she should be respoved from his case because he could !! not get a fair trial from "a Negress."

"Of course, he got nowhere," Mrs. icDonald recalled. "I said that if race was an issue, then being white was an issue, too. I may be a Negress, but I'm a "Negress with a black robe and the gavel and the law."

Today, the color of her skin is not an assue, but her years as a civil rights lawyer and federal judge instilled in her ra belief in the rule of law that is now being tested on an international level.

Mrs. McDonald, 56, is the only American among the 14 judges of the International Criminal Tribunal for the

with the trials that address some of the many war crimes that were committed wants justice in their own case."

As the five-year-old court has bemany war crimes that were committed during the breakup of Yugoslavia. She listens to long lists of atrocities, to furious lawyers, indignant prisoners, judges who disagree.

In the door world of cruel and deadly war crimes, Mrs. McDonald is an unusually cheerful presence. While others speak of the shortcomings of the tribunal dealing with the conflicts in the

Balkans, she stresses its achievements. We are doing more than ever and our trials are speeding ap," she said in an interview. "I walk through the hall-ways, they are full of people. I can almost have no homeonic ?"

almost hear us humming."

She was referring to the staff from more than 50 countries working here, using new procedural rules and a legal system, a hybrid of American and European law, specially conceived for this tribunal

People who remind her that the International Criminal Tribunal for the Former Yngoslavia, and a year ago she was elected its president.

Here, in a tightly guarded building on the outskirts of The Hague, she deals

Here at the work in the war's most senior leaders get this response: "I've never heard a witness say, "That person is not important enough." I've never heard a victim say, 'I want someone

come busier than ever, with a recent surge in arrests and trials, she sees an

opportunity to make it more visible.
"We're doing great work here but we must make it known, otherwise we're whistling in the wind," she said. "Above all, it must be known to people

in the region, but also to people who believe in the law everywhere."

Further, she is seeking more backing, both political and financial, from the United Nations, which established the tribunal. To reach her goal, she does not hesitate to speak her mind.

"We are truly at a watershed," she said recently before the UN General Assembly. The tribunal has done everything in its power, she said, but it is continuously obstructed by the

Yugoslav government.

Belgrade, she said, is acting like a "rogue state" and flouting UN directives because it will not apprehend indicted war-crimes suspects whose whereabouts are well known. It also refuses to allow tribunal prosecutors to

Province in Serbia.

The UN, Mrs. McDonald said, must make the "obstructionist" government of President Slobodan Milosevic cooperate. There has been no answer from

But Mrs. McDonald does not blink easily. Her friends say there is a practical side to her that is partly rooted in her being an American, partly in the turmoil of her own professional past.

As a young black woman, the daughter of a railroad worker from St. Paul, Minnesota, she spent her early professional years as a civil rights lawyer for the Legal Defense Fund of the National Association for the Advancement of Colored People.

It might sound strange, she went on, but her background as a civil rights lawyer in the United States has proved useful here, half a world away, dealing with the blood that was spilled in the

It was her civil rights experience that gave her the belief that facing the af-termath of Yngoslavia's ethnic warfare was possible and that she could take on

investigate atrocities in Kosovo tribunal tasks for which there was little

"I learned a lot from the civil rights movement," she said. "There we were dealing with a minority and with coo-frontation. And at that time we got new laws and we had to use them to enable people to live and work together. This is the task before us here."

The law dominates her life. "It's something in my heart and in my soul," said Mrs. McDonald, whose former husband and son and daughter are lawyers.

Her appointment as president means that women now run the tribunal's three main sections. The chief prosecutor is Louise Arbour, a Canadian, while the registrar and chief administrative officer is Dorothee de Sampayo, who is Dutch A colleague, a man, gives the women credit for being 'more involved" than their male predecessors.

She often says that the court's goal is to dispense justice, not extract revenge, and that for the court to contribute to peace and reconciliation it must be known and understood in the living rooms and on the streets of the torn communities of Bosnia and Croatia.



Judge Gabrielle Kirk McDonald, head of the war crimes tribunal.

'I have heard Serbs say that this is a political court motivated by revenge," she said. "But it is about providing justice and healing for the victims."

U.S. Rejects Russian Plan To Revise Iraq Monitoring

Inspectors' Independence Would Be Weakened

By Barbara Crossette

New York Times Service UNITED NATIONS, New York --Russia, hardening its intention of never rallowing the present arms inspection system to be revived in Iraq, on Friday gave the Security Council a detailed ablueprint for a new monitoring appartus with moch less independence. and It was rejected almost immediately by the U.S. representative here.

This is the third proposal for dealing with Iraq to be introdoced this week. sume a lifting of the oil embargo im-posed oo Iraq after President Saddam Hussein's invasioo of Kuwait in 1990. A hastily assembled American plan would allow the unlimited sale of iraqi oil only to buy civilian goods needed to alleviate the strains of eight years of

The Clinton administration has also said in recent days that it would speed up for stop blocking approvals by the Se-curity Council's Iraqi sanctions combenittee of requests by Baghdad to buy more spare parts to upgrade a dilap-idated oil industry so that more oil could "be pumped. Because of the low world price of oil, Iraq had not been able to Smeet even the ceilings on production

hallowed oow. on Friday, Iraq rejected the American proposals, which members of Congress say were made here hurriedly without consultation with legislators in : Washington. In Baghdad, Commerce : Minister Mohammed Mehdi Saleh said "Iraq would accept "oothing less than a

total lifting of the embargo." Official Iraqi newspapers also re-peated the government's call for an end to the no-flight zones imposed by the United States, Britain and France over large areas of northern and southern

frag. Furthermore, Iraqi leaders continued their denunciations of other Arab leaders critical of Mr. Saddam and renewed wague threats against Kowait.

A The Line She

ARMERS

Land In Riv

Mague inreats against Kowait.

An Iraqi threat to rescind its recognition of the territorial integrity of Kuwait, repeated most recently by Deputy Prime Minister Tariq Aziz, is being taken seriously by the United States, which hears warnings similar to those that preceded Iraq's 1990 invalue.

Comments by Mr. Aziz in Raghdad's government-controlled press-were brought to the Security Council's attention Priday by Kuwait.

"This is a very provocative thing for the Iraqis to have said," Peter Burleigh, the American representative on the council, said Friday. "The whole question of the recognition of Kuwait is at the core of the problem. It was the Iraqi invasion of Kuwait in 1990 that triggered all of this problem with regard to Iraq and its threat to its oeighbors."

The initial U.S. response to the Russian arms inspection proposal Friday jects is found.

was negative on several counts. American diplomats say that any arms control system in Iraq cannot afford to be politicized within the UN bureaucracy and must remain technically competent and enjoy freedom of action within Security enjoy freedom of action within Security Council resolutions.

Mr. Burleigh said that the UN Special Commission and the International Atomic Energy Agency "have to continue functioning with regard to the disarmament of Iraq."

At the core of the Russian proposal is the creation of a monitoring center "within the framework of the UN Secretariat." Since 1991, arms inspections connected to Iraqi biological, chemical and missile programs have been carried out by the UN Special Commission, a body of independent experts set up by the Security Council and answerable to its member nations.

Only the Iraqi ouclear program has been monitored by an established UN body, the International Atomic Energy Agency, although in cooperation with the commission, known as Unscom.

Russia's concrete plan for action begins with the sending of an assessment mission made up of representatives of the 15 member nations of the Security Comcil and international technical experts. They would be charged with working out with Iraq bow to resume cooperation.

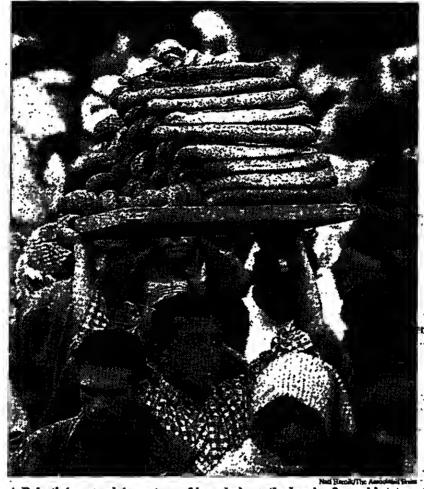
The assessment team would be drawn at least in part from the International Atomic Energy Agency and the rel-atively new international organization set up in The Hague to monitor a treaty banning chemical weapons. The Special Commission would have no standing with the new team, except to provide some "purely technical support" through individual experts participating

as individuals, not Unscom inspectors.
Under the Russian plan, all past
weapons files would be closed, allowing the oil embargo to be lifted and a long-term monitoring system to be in-stalled or activated, since much of the machinery is in place - or was when the Unscom inspectors were evacuated in December hours before American

and British air strikes. A monitoring center would be es-tablished in Baghdad, supplanting the Special Commission base there. It would boose an export-import control group, which would watch for Iraqi efforts to import "dual use" equipment that may look civilian on paper but could find its way into arms projects.

The Russians say that this group could be built around the Special Commissioo's existing operation, which had been very successful in finding claes to Mr. Saddam's intentions based on what he tried to buy abroad.

The monitoring operation would still report to the Security Council under the Russian plan. And the council would retain the right to reimpose an embargo if any evidence of prohibited arms pro-



A Palestinian steadying a tray of bread above the heads of worshipers as they crowd out of the Old City of Jerusalem following Friday noon prayers. About 300,000 people attended the ceremony at Al'Aqsa Mosquel

Former U.S. Secretary of State cannot hold a candle to Christmas as it is Urges New Ties With Tehran

By Nora Boustany
Washington Post Service

NEW YORK - Following an ifter, an evening meal ending a Muslim dawn-to-dusk fast, a spread of Iranian cuisine and sweets to the background of traditional Persian music, Cyrus Vance, a former U.S. secretary of state, delivered the evening's diplomatic bomb-

Twenty years after taking part in a decision to end diplomatic ties with Iran, the distinguished statesman called on President Bill Clinton and Iran's supreme leader, Ayatollah Sayed Ali Khamenei, to resume ties quickly. After all the distrust, hostility and rhetoric, a breakthrough of sorts is required, Mr. Vance indicated, urging the leaders to "embark on the rapid re-establishment

of diplomatic relations."
"This proposal, which is in the best interest of both nations, requires political will and a leap of faith," Mr. Vance said in New York on Wednesday evening at a lecture given at the Asia Society and organized in conjunction with the American-Iranian Council.

Although it was widely circulated ahead of his speech that Mr. Vance had

coordinated the content of his address with Secretary of State Madeleine Al-bright, Mr. Vance insisted afterward that he had oot cleared his remarks with

Robert Pelletreau, a former assistant secretary of state for Near Eastern affairs and chairman of the board of the American-Iranian Council, said he and Mr. Vance are private citizens and their observations reflected 'past experi-ence' and insights into 'what we could have done differently.''

A senior Iranian diplomat attending the presentation said he did not expect a uniform reaction from Tehran. "Iran'is" not a monolithic whole but a composition that is both colorful and diverse. 1 imagine some quarters will be supportive of the proposal and others will be against it. I am for it, of course," the diplomat said, pointing out later that he was attending as a private citizen, too.

Hooshang Amirahmadi, president of the American-Iranian Council and a professor at Rutgers University, projected that if there was no immediate reaction from Iran, that could mean the prospects were favorable. Citing an Iranian proverb, Mr. Amirahmadi said: "Silence is a sign of satisfaction."

A Backlash on Ramadan

Holy Month's Partying in Cairo Stirs Criticism

By Howard Schneider Washington Post Service

CAIRO - In the Muslim world, the holy month of Ramadan is supposed to be a time of fasting, charity and prayer, when the lines between God and the faithful are as clear and unobstructed as the air on a crisp desert night.

As any Cairene can attest, however, there is more to Ramadan than piety and self-denial.

Ramadan is also a time when five-star hotels erect special food and entertainment tents, television schedules are crammed with once-a-year soap operas and advertisers launch their flashiest commercials, hoping to tap the consumer spending that peaks at the end of the boly month. And for all the emphasis on daylong fasting, Egyptians often complain that they eat so heavily after sunset that they put on weight during

All of which has some people won-dering whether Ramadan — which ends this month — has strayed unacceptably from its religious roots.

"The point is to make the stomach smaller and be able to live oo the minimum," said Sheikh Gamel Kath, head of the fatwa, or religious edict, committee, at Al Azhar University in Cairo, the oldest and most prestigious center of learning in the Sunni Muslim world. "What is the point of fasting, if you stuff yourself with four meals worth of food?

wietched excess, Ramadan in Egypt Cairo, streets and alleys are jammed with tables bearing free food for the poor, and the call to prayer genuinely seems to ring louder for many Muslims reminders that Ramadan's spiritual side remains intact and primary.

At the same time, the city is decked with festive lights and lanterns, firecrackers punctuate the hours when mosques are dormant and merchanis sell special Ramadan dates with such topical, irreverent nicknames as Viagra and Monica.

Ramadan is also good for business. "This is the best time to make some money," said Ashraf Taha, who from his sandwich shop in central Cairo sells abundant quantities of the traditional raisin, date and tamarind cocktail that accompanies ifiar, the sundown meal with which Muslims break their fast.

"The market in Ramadan is very high," agreed Mohammed Sadik, who owns a catering company that five years ago began organizing an annual Ra-madan tent. 'People consume a lot."

Set alongside Cairo's World Trade Center, the tent is packed with low-slung couches and chairs for several hundred people and has a walkway down the middle for entertainers. It is also a forum for advertisers, with automobiles and bath supplies on display at the entrance and television sets spewing commercials.

"This has no relation with Ra-madan," said Saha Anise, who oev-ertheless was enjoying the night's cel-ebation recently at a table in the tent.

To many Muslims, the bright lights, loud music and commercialism of such settings are jarring in the context of a month whose name in Arabic denotes scorching heat. In the Koran, in the recorded practices of the Prophet Mo-hammed and in the words ascribed to him by associates, Ramadan is supposed to be all-consuming, a time so focused on God that an inadvertent swallow of water while brushing teeth can negate a whole day's fast.
Although children, travelers and the

sick, among others, are excused from the rigors of the month, able-bodied Muslims are generally expected to abstain from eating, drinking and sex during daylight hours. According to the Muslim scholar Tajuddin Shuaib, Muslims scholar avoid sensory stimulation of sexulial lation of any kind.

"Every limb must be restrained," Mr. Shuaib wrote in his book Essentials of Ramadan. "The tongue must desist from slander. The eyes must restrain themselves from any unlawful look."

Assessing what be sees around the city today and the reports he hears from other Muslim countries, Sheikh Kath feels that much of what has become associated with Ramadan in recent times contravenes that spirit. Just as Christians in the West have been forced to re-examine the underlying meaning of Christmas, he said, Muslims need to re-examine the meaning of Ramadan.

In his view, Ramadan has become for some an extended party, a time of late-

night backgammon sessions at the local teahouse, music tents so lively that the authorities have occasionally intervened to curb dancing and a trend to-ward commercialism that he regards as

a Western import.

Even if it has been stretched to accommodate plenty of fun, Ramadan remains a fundamentally spiritual time of year. Observance of the fast is widespread and charity is abundant. Merchants, restaurant owners, entertainment figures and anyone who can spare the time or money help at "tables of the merciful" laden with food for the poor.

As he helped prepare dinner for several dozen people at the Hussein Mosque in central Cairo, Saber Abouzied, an engineer with the country's largest contracting company, said that Ramadan was a touchstone of his faith, ooe so strong its meaning will

Ramadan 'touches the nervons sys-tem of Islam,' he said. 'It is an opportunity for all to do good. These are things we do to keep our religioo in-

BRIEFLY

Afghan Executed By Toppling Wall

KABUL - Thousands of people watched Friday as a Taleban tank toppled a 4.5-meter brick wall onto on a 60-year-old man sentenced to death for sexually attacking a boy. Also Friday, seven thieves had

their limbs amputated at a separate location in Kabul. Shuma Khan was executed near

a damaged building that had a standing wall. He was convicted of sodomy for the attack oo the 12-year-old in a hotel in Maidan Shahr, 30 kilometers (18 miles) outside of Kabul. He was found dead after the rubble was cleared away 30 minutes later.

Stampede Toll 51 At Indian Holy Site

NEW DELHI — Rescuers cleared debris and pilgrims searched for their relatives and friends Friday after 51 pilgrims were trampled to death during festivities at a Hindu shrine in southern India, news reports said.

A televisioo network said at least 100 other pilgrims were injured as thousands of people rushed down a hillock on Thursday.
Police had said earlier the stam-

pede was triggered when part of the slope collapsed under the weight of so many worshippers, but later clarified that the snapping of a rope used to cootrol crowds led to the disaster oear the Sabarimala shrine

Nepal King Calls Elections for May

KATMANDU, Nepal — King Birendra dissolved Parliament on Friday on the recommendation of the prime minister and announced elections in May, state media reported. Prime Minister Girija Prasad Koirala, leader of the Nepali Congress party, won a vote of confidence Thursday, three weeks after forming a coalition government with the United Marxist-Leninist Communist Party of Nepal and the Nepal Goodwill Party.
The elections will be held on May
3, Radio Nepal reported. (AP)

Muslim Ex-Leader Shot in Philippines

ZAMBOANGA, Philippines — A former leader of the Muslim extremist group Abu Sayyaf who later became a government spy was killed Friday by a lone gunman in the southern Philippines, police said.

Edwin Angeles, formerly the third-ranking leader of the Abu

Sayyaf, was shot on the outskirts of Isabela the capital of the island province of Basilan.

In Haiti, Growing Fears of Dictatorship

By James C. McKinley Jr. New York Times Service

PORT-AU-PRINCE, Hairi - The streets of this impoverished capital buzz "inside the corridors of power opposition leaders are accusing the president of frying to establish a virtual dictatorship.

The president insists he is trying to build

a democracy.
So far, there has been little outcry here over President Rene Preval's decision Monday to bypass Parliament and form a government by decree. The only 'objections have come from some busioessmen and oppositioo politicians.

oessinen and opposition politicials.

Mr. Preval's choice for prime minister, Jacques-Edouard Alexis, promised to form a government and hold parliamentary elections as soon as possihle. But some Haitians said they feared they were witnessing the unraveling of the country's fragile democracy, this time not through a military coup but through the political maneuvering of Mr. Preval and his mentor, former Pres-

ident Jean-Bertrand Aristide. "The president should sit down and Walk with these parliamentarians so that this thing will not explode," said a clerk who works in central Port-au-Prince. "What's happening now is oot good for

The disagreements have paralyzed the government since June 1997, when Prime Minister Rosny Smarth resigned to protest the elections held that April. Since then, parliamentary leaders have rejected three of Mr. Preval's nominees for prime minister. The fourth, Mr. Alexis, a former education minister, was approved last year by both houses, but was required to present his program and cabinet for approval before being sworn in Opposition leaders threatened to reject him unless they were given key cabinet positions.

As the end of the year approached, the legislators passed a law extending their terms after they failed to reach an agreement with the president on the makeup of an election committee and an election date. But Mr. Preval scotched that plan Monday. Saying he was opholding the constitution, he announced he did not have the authority to extend the lawmakers' terms. He also said Mr. Alexis had already been approved and could form a government even though a new Parliament had yet to be elected.

"We are trying to build something called democracy," Mr. Preval said. "Democracy, above all, is the respect for the rules of the game. We can't every time a problem arises change the rules of the game in order to solve the prob-As a practical matter, however, Mr. hope that it would control some important cabinet positions. It also meant that the political faction supporting Mr. Preval and Mr. Aristide will put together the committee to oversee the oext elections without influence from other groups.

Political opponents of Mr. Preval have accused him of what amounts to a

bloodless coup, saying he eliminated the legislature's influence with a stroke "Preval has staged a coup d'état to establish a dictatorship," Myriande Manigat, a constitutional law expert, told The Associated Press. "There are many

kinds of coups — not only military."

Others have charged that Mr. Preval is laying the groundwork for Mr. Aristide to run for president in 2001, hoping to control the electoral committee and thus weaken the chance that factions opposed to Mr. Aristide might gain a parliamentary majority.

But government officials insist Mr.

Preval is only trying to break a poliocal deadlock that has driven the country deeper into poverty. Despite four years of democracy, Haiti remains the poorest country in the Western Hemisphere. The country has not had a budget for two ars. Millions of dollars in foreign aid have been placed on indefinite hold.

5 Aides to Barak Report Break-Ins

The Associated Press

JERUSALEM — Introders have broken into the homes of five aides to the Labor Party leader, Ehod Barak, in recent weeks, but have not taken anything, a spokeswoman for Mr. Barak said Friday.

Mr. Barak, who poses the most serious challenge to Prime Minister Benjamin Netanyahn in the May 17 elections, made no accusations in connection with the break-ins. Police are investigating the incidents, which preceded this week's burglary of the Washington offices of the polister advising Mr.

Barak, Stanley Greenberg, said the spokeswoman, Aliza Goren. In the Washingtoo break-in, computer data and disks were

taken, according to the police.
An Israeli police spokeswoman,
Linda Menuhin, declined to com-Ori Orr of the Labor Party said this week that he believed people close to Mr. Netanyaho were be-

hind the Washington break-in. Mr.

Orr said he had no evidence. Mr. Netanyahu's adviser, David Bar-Illan, said that any attempt to connect the Likud party to the burg-lary was "an absolute obscenity."

North Korean Site a Snag to Talks

By Don Kirk Internationa rala harr

SEOUL - The U.S. defense secretary, William Cohen, warned Friday of an end to any dialogue with North Korea if it "undermines" the agreement reached at Geneva more than four ended the Korean War in 1953. years ago that it stop trying to produce nuclear warheads.

Mr. Cohen, on the eve of talks between the United States and North Korea in Ca 1. said North Korea would dash an hope of realizing the benefits of dialogue if it failed to open an underground site to inspection.

U.S. negotiators in Geneva will be pressing for periodic inspections of the ets and missiles." construction site in the village of relligence analysts suspect North Korea is developing nuclear weapons at the

site, which a satellite spotted last year. tion of Kumchangri at the price of re-

challenge North Korean negotiators in the bilateral talks and in four-party talks Korean Institute for National Unificdue to follow them. Senior diplomats from North and South Korea, the United States and China are to meet Monday in Geneva for talks aimed at producing a treaty to replace the armed truce that

The official Chinese news agency, Xinhua, blasted the U.S. inspection demands as "unjustified and ridiculous." It also appeared sympathetic with North Korean efforts to produce missiles similar to the three-stage rocket fired Ang. 31 across northern Japan, saying, "The United States seems to be the only counrry in the world allowed to launch rock-

Some observers believe North Korea ment to giving "prompt and effective opes to use inspection issue as a chip to assistance" to South Korea in the event Kumchangri, about 160 kilometers (100 hopes to use inspection issue as a chip to miles) north of Pyongyang, U.S. innomic sanctions in place since the war.

"North Korea would allow inspec-

ation. But Mr. Park said be doubted North Korea would stop producing missiles, one of its main export items.

The tough U.S. position delineated the differences that still threaten peace on the peninsula as North Korea bargains for aid to rescue its people from hunger. In addition to calling on North Korea

to clarify the nature of the Kurnchangri site, Mr. Cohen and the South Korean defense minister, Chun Yong Tack, warned against efforts to build any weapon of mass destruction. At the end of two days of talks, they issued a joint statement saying that Mr. Cohen had affirmed the U.S. commit-

of war and had promised "a nuclear umbrella" covering South Korea. "We will maintain a strong deterrent Secretary Cohen is urging dialogue



te, which a satellite spotted last year. tion of Kumchangri at the price of reas we pursue dialogue with North and deterrence as the strategy for Mr. Cohen's remarks appeared to lieving economic sanctions," said Park . Korea," Mr. Cohen said.

Rights Group Accuses Mexico

Abuses by Police and Army Reported to Be Common

By Julia Preston New York Times Service

MEXICO CITY - Policemen and soldiers commonly kidnap, torture and kill people across Mexico, despite gov-erument reforms aimed at eradicating the abuses and despite the authorities' claims that they have largely ended, according to a report by Human Rights Watch. "Anthorities are more likely to close

ranks and deny that even well-documented abuses ever took place than they are to insist that those responsible be brought to justice," the New York-based organization concluded in a report Thursday after a two-year investigation.

Prosecutors routinely use evidence obtained through torture and illegal de-tention, and judges continue to make liberal use of such tainted evidence rather than rejecting the cases and punishing the abuses.

The abuses occur in all areas of Mex-

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ico, not only during anti-guerrilla campaigns and anti-narcotics drives, but also in everyday investigations of street

crimes, the report said. The government, which in the passe has generally rejected such reports as unwelcome interference in Mexico's internal affairs, issued an uncharacter-

istically mild response. The Foreign Ministry called the report "extensive" and said officials would study it.

President Ernesto Zedillo has show some willingness to recognize that say ious human rights violations take place. in Mexico, the group found, but his government "has not been willing to" recognize the depth of the problem or to

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systematically promote the prosecution of state agents responsible for abuses." The report details cases of scrious abuse in the northern state of Tamauk ipas, which borders Texas, and in the: southern state of Oaxaca, where leftist guerrillas are active.



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Cultural Earthquake Shakes Market

Europe's the Casualty as Sellers Head for New York

By Souren Melikian International Herald Tribune

The first of

EW YORK — Are we going back to the days when John Pierpont Morgan and multimillionaire tycoons of his ilk set the pace of the market, and America drew art like a magner?
It looks increasingly that way. There

is one huge difference, though.

with world art supplies shrinking every year — just look at the streamlined size of Sotheby's "Art at Auction," the review of the year that came out before Christmas — the destructive impact on Europe is beginning to take on the proportions of a cultural earth-

At the top of the market, most Europeans simply stall. When the Martin Bodmer Foundation at Cologny, near Genevy decided to sell its sketch by Michelangelo, Sotheby's New York was chosen and at \$7.48 million, it became the second most expensive drawing ever sold, oo Jan. 28, 1998.

The result probably would have been similar in London, but the venue reflected the current worldwide perception that New York is where you want to sell, because America is where what is

most expensive ends up.
This applies to Old Masters, French decorative arts, virtually anything. The story of the rococo pair of tureens commissioned in 1734 by the Duke of Kingston and designed by Juste-Aurele Meissonier is an apt symbol of the return of the J.P. Morgan era.

In 1909 the pair was sold at auction in Paris. It was bought by Morgan via Jacques Seligmann, a famous dealer acting as his agent. When the pair resurfaced at anction in 1977 at Christie's in Geneva, it fetched \$1.1 million, and

One tureen went to the Cleveland

Museum of Art, the other to the great European collector, Baron Heinz sen-Bornemisza.

On May 13 last year, that same piece, consigned by Baron Thyssen, sold at Sotheby's New York for \$5.72 million the second highest price ever paid for silver. Europe has now lost the pair.

Far more serious is what is happening below these stratospheric heights.

Morgan simply creamed the market and that did not do much have to art-rich Europe, even if he excited the ire of Henry James. The American novelist, who had left the New World to live in Britain, was reacting to the transfer of Morgan's collection from London to New York — in 1909 the U.S. government repealed the 20 percent import duty on art, making the transfer that much easier. Much of the collection had been on loan to the Victoria and Albert

Today, the situation is reversed. The European Union slaps an absurd 5 to 6 percent duty on art imports, the "value added tax" — what value do you add to a Michelangelo drawing? The customs official's fingerprint? — accelerating a trend far more threatening to its living culture than the export of multimillioodallies at the export of multimillioodallies at the export of multimillioodallies. dollar art: the wholesale transfer out of Europe of entire sections of the mar-

Old Master drawings typify the ex-tent of the havoc. The seemingly count-less sheets that were avidly sought by thousands of Buropean collectors from all social backgrounds are vanishing from the auction scene.

In the pursuit of their passion, these collectors played a major role in the maintenance of a constant pool of con-noisseurship. But in 1998 Christie's had only one late autumn sale of Old Master drawings in London — at Christie's South Kensington, the venue for minor art — and Sotheby's bad oone.

Little wonder. Both houses carmark what they get from consigners for New York. On Jan. 28, Christie's will hold a sale of Italian drawings "from two Prench private collections." A glance at the catalogue reveals that they were built up almost entirely outside France. The sources were Sotheby's and

Christie's in New York and London; seven drawings from Katrin Bellinger, a distinguished Munich dealer seen at all major international fairs, and for three of the most important loss, Stephen Mazon of New York, now retired.

. This suggests that the "collectors" really were international players having a go at art investment — in which was barely involved.

Their finds included a charming study in black chalk for a Madonna and Child by Alessandro Tizrini in the Pinacoteca Nazionale at Bologna, and a ravishing preparatory design for a fresco of Saint Catherine in Prison Converting Empress Fanstina, painted in 1570-71 in Santa Caterina dei Punari, in Rome. The first was bought on Jan. 10, 1990, at Christie's New York for \$55,500, the second on Jan. 11 at Sotheby's New York for \$53,900.

O, too, was the most important lot in the sale, a suite of 20 drawings in pen and brown wash by Zuccaro, recounting the life of his elder brother, Taddeo, which cost a tidy \$2.53 million.

In short, the collecting process was centered largely on New York, and the conclusion that will seal the fate of these short-lived "French" collections will also take place in America.

If collecting Old Master drawings is threatened with extinction in Europe, another aspect of collecting crucial to European culture from the 1830s (remember Balzac's "Le Consin Pons'?) to the 1960s is dead and buried. It coo-



cems medieval objets d'art - champ levé enamels, ivories, bronzes, small and not so small sculpture.
On Jan. 29, following Christie's sale

of the "French" collections of Italian drawings, Sotheby's will be disposing of "European Works of Art" (i.e. objets d'art). Romanesque and Gothic champlevé enamels owned early in the century by Simoo Seligmann, a brother and partner of Jacques with their other brother, Arnold, are featured in that sale. After retiring, Simon had decided to collect art. Some of the medieval ohjects he went in for would have been known to Morgan. A few may have been bought with the idea of offering them to the financier and retained after they were turned down. Bot we cannot be sure. Dealers do not divulge soch intimate details.

Two or three are Morganesque in quality, albeit oot quite charged with the glitter that the banker requested. The almond-shaped plaque from the Mosan-Rhenish area showing Saint Nicholas as a bishop was included in the epoch-



A champlevé plaque from the Mosan-Rhenish area, left, to be auctioned Jan. 29 at Sotheby's New York, along with a reliquary casket from Limoges.

making art show "The Year 1200" at the Met in 1970. An early 13th-century reliquary casket from Limoges with a unique abstract pattern on one side appeared in another unforgettable art show at the Met, "Medieval Art from Private Collections" in 1968-1969, which re-vealed the beginnings of the irresistible ascent of New World collecting in the

At that time, the Seligmann pieces would still have been directed to London, had they been op for sale. Today, there is no question of that.

Every specialist will tell you: The clients at the top are in North America. That is what drove Edmund de Unger of London, whose business acumen is

rivaled only by his sophistication as a collector, to consign some fantastic champlevé enamels to Sotheby's New York in November 1997.

The sale was only a mitigated success. The estimates were wild and most of the important pieces, unsold at the auetion, had to be negotiated quietly by Sotheby's io the months that followed. Yet, that did oot stop the executors of the Seligmann estate from proceeding likewise.

The reason is simple. There is no alternative.

Who wants to pay a 5 percent tax to satisfy the little Einsteins who decide what to tax in Europe, even if it back-

The cover of Hiromix's book of photographs.

American St. St.

MEETING 4

POINT

Young Women Behind the Camera Craze in Tokyo

By Kaori Shoji

OKYO - Walk down any

Hiromix is the closest approx- sacred lens. imation to a rock star with camera. Three years ago she was a high school senior, taking snapshots of her friends in Tokyo nightclubs. One fine day she sent the prints to a photo contest sponsored by Canon. This won her the Araki Award (one of the most coveted in Japan) and her first professional job.

Seemingly overnight, Hiromix had become the nation's youngest and hottest commercial photograph-

The Japanese have always had a emergence of Hiromix and a oew relationship turn cozy. Photography photographer Kazumi Kurigami or bra and tights.

the undisputed master Ken Domon, who spent most of his career shooting Buddha statues.

Women were expected to be on main strip in Tokyo and the other side of the lens, to pose you'll see them: fashion- and generate sufficient aristic world, able young women with aura. What female photographers "The cameras hanging from their necks, there were followed the rules, bodies scrutinizing photo ops with a pro-fessional eye. These girls are part of system. Fledglings fetched, carried tographers inspired by the 20-year- for at least three-years before get- march on."

Hiromix sidestepped all that, most likely in her red spike heels. ishness. Now other photographers She had never taken a course, never studied with anyone and wouldn't no makeup, deploying artful blurs know a print dryer if she fell over it. — to get that jagged, amateurish She admitted freely that she didn't know what a strobe looked like but jor breakthrough in fashion photos. "it doesn't matter because my camera flashes automatically!"

To her the most important thing about a photo was the personality of the person who took it. Suitably, Hiromix's pictures are as casual and enigmatic as she is. She has been thing with cameras but not until the. known to show op for work better dressed than the models in Spandex generation of camerawomen did the minis with nothing but a little furry bag for her instant camera. Her achad been male territory, staked out claimed self-portrait shows her in a by super-serious artists like fashion bathroom, facing the mirror in black

BOOKS

Hiromix's latest achievement is ion photography. Her extensive two hasic things remained: bodies "Japanese Beauty," a collection of knowledge of design and textiles toughened by manual labor, admuch potential but sadly underutilized by the Japanese fashion

"They all had stories to tell, their bodies and faces all eager for selfexpression. And no one wanted to

the models' faces, relaxed and liberated from the demands of modare imitating her style - requ quality that critics are calling a ma-

If Hiromix is the grunge baby of the camera world, then Yuriko

Takagi is its high priestess.

Currently 47, Takagi studied graphics and fashion design, then worked widely in Europe before switching to photography 10 years ago. Like Hiromix, Takagi never bothered with the proper channels but put together a photo collection and sprang it oo the Japanese pub-

technique unnerved Japanese fash- obliterated, and in their place just Tokyo.

young models she saw as having gave her an edge over the clothes, while her unrelenting eye for human physique terrorized the models. Takagi felt that Japanese fashion

was rigged, in a way 'that separated clothes from people."
"They were saying that only sofessional eye. These girls are part of system. Fledglings fetched, carried listen. Fashion photography in this permodels had the right to wear the "Hiromix Syndrome" — the and swept, besides mastering the country is standing still, while the beautiful clothes. I was in total dissudden increase of wannabe photography in this permodels had the right to wear country is standing still, while the beautiful clothes. I was in total dissudden increase of wannabe photography in this permodels had the right to wear country is standing still, while the beautiful clothes. I was in total dissudden increase of wannabe photography in this permodels had the right to wear country is standing still, while the beautiful clothes. I was in total dissudden increase of wannabe photography in this permodels had the right to wear country is standing still, while the beautiful clothes. I was in total dissurble to the country is standing still, while the beautiful clothes. I was in total dissurble to the country is standing still, while the beautiful clothes. I was in total dissurble to the country is standing still, while the beautiful clothes. I was in total dissurble to the country is standing still, while the beautiful clothes. I was in total dissurble to the country is standing still, while the beautiful clothes.

> would be her life project, to get the clothes to the people them, and shoot that. Collaborating made her the royal milliner. with Issey Miyake, Takagi took several trunkloads of his pleated wardrobe series, and traveled to India.

There in remote villages and on country roads she approached the locals and asked them to wear these clothes, so she could take their pictures. To her surprise, most of them said yes.

The result: Issey Miyake outlits on old men rowing a boat, oo children with grimy faces, oo a woman suckling a baby, on youths working the fields and sweating from every

The effect was stunning. The ar-From the start, her outlook and tifices of studio and runway were

orned by beautiful materials.

Takagi's latest is a collection called "Skin," for which she took the project to Keoya, India, Thailand and Turkey. The wardrobe was supplied by Kozue Hihino, a costume designer specializing in commer-cials and theater. Hibino's works are inspired by the fantastical and surreal — they could dress a scene from a Brothers Grimm story one minute the next. Hats are her specialty and if she had lived in 17th-century France, who really deserve to wear oo doubt the Bourbons would have

Enthralled by the costumes and convinced that elsewhere on the globe lived the right people to wear them, Takagi loaded trunk after trunk and set out oo her journey.

With women like Takagi and Hiromix to lead the way, manufacturers are releasing a new series of "girlie cameras" — compact and stylish models that dooble as accessories, to cater to an entirely new photographer market.

For the moment, it seems that cameras are the Tokyo girl's very hest friend

Kaori Shoji is a writer hased in

St. George Stops at Met On His Way to the Getty

New York Times Service

EW YORK — A haunting image of St. George in armor, with the dragon's head as a trophy in the foreground, is displayed by itself on a wall of the Metropolitan Museum of Art. It is a highlight of 'Dosso Dossi: Court Painter of Renaissance Ferrara," an

exhibition that opened Thursday.

The painting's label says it is a loan from Derek Johns, the London dealer. But the 1. Paul Getty Museum in Los Angeles has just bought it, reportedly for \$500,000. The painting dates from 1513-1515, just after the artist

moved to Ferrara, Italy, where he became court painter for Duke Alfonso I d'Este and then his son, Ercole II. It is the third painting by Dosso to enter the Getty's collection. The other two are from later in the artist's career and have very different in subject matter. One is a figural

composition, "Allegory of Fortune" (circa 1529-32); the composition is the lyrical "Mythological Scene" (1535-38).

Officials at the Getty decided to huy "St. George" when they saw it at the Palazzo dei Diamanti in Ferrara, where the scarce. show opened. The Getty is one of the show's organizers, along with the Met and two Italian art institutions.

After the Dosso show closes at the Met, on March 28, it will be at the Getty, April 27 through July 11. Then the Getty plans to put "St. George" on permanent view in its 16th-century Renaissance paintings galleries.

Like any good showman Stephen A. Wynn, chairman of Mirage Resorts, wants to please his audience. Bellagio, his \$1.6 billion hotel and casino complex in Las Vegas, has drawn 2,000 visitors a day, each willing to pay \$10 to see the minimuseum that opened there in October. When Wynn learned that they preferred art by familiar traditional artists to some of the more difficult-to-understand 20th-century works he real-

ized it was time to make changes. In the last few months Wynn has been refining his collection, selling works by such artists as Jasper Johns and Giacometti. He has begun buying Old Masters, cansing cager New York and London dealers to hope for a visit from Wynn or his advisers. So far Wynn has made two important purchases: Rembrandt's "Portrait of a Bearded Man in a Red Covi" (1622) and Bulban's "Under the State of the State o Coat" (1633) and Rubens's "Head of John the Baptist

Presented to Salome" (1609). "It's not just one period of art that's fascinating or fun to kat," Wynn said. "The power of Old Masters is enormous, especially when they can be seen near the work of other artists painting some 300 years later."

THE POLYESTER PRINCE The Rise of

Dhirubhai Ambani By Hamish McDonald. 274 pages. \$20. Allen & Unwin.

Philip Bowting N ALL the voluminous lit-Lerature about Asian boom and hust there is barely a single book-length, in-depth look at a major corporate figure and his empire. Hagiography abounds, mostly well supported hy corporate cash. Business failures have attracted, after the fact, hindsightful exposés. But thorough ac-

their founders are all too So Hamish McDonald's riveting account of the rise, triumphs and near disasters of Indian entrepreneur Dhirubhai Ambani and his company, Reliance, is an especially welcome addition to

counts of going concerns and

the modern Asian bookshelf. Admittedly, it deals with a country far from the Asian 'miracle." As for Reliance, it is best known outside India not for its technological or exporting prowess but for the amount of money it has raised from foreign investors — one of many examples of Ambani's persuasive powers. But Reliance is a newcomer and it is huge, with more in-dividual shareholders than

any company in India. But this book is as much about power as about business. In India, Ambani has for ocarly two decades been an immensely powerful and con-ful of Ambani's remarkable occessary to exploit the hutroversial figure whose busi- trail of innovation and soc- man frailties of its power

ness ambitions have been intertwined with political and bureaucratic power in Delhi. This is a city where suitcases of cash are often an ingredient of decisioo making, hot where press, political oppon-scale textile manufacturer ents and business rivals are who acquired an extraordinalways at hand with exposes, ary ability to influence tariff plots and rumors

McDonald traces Ambani's rise from a schoolteacher's son in an obscure town in Gujarat to controller markably, to create a business of a huge fiber, plastics and petrochemical empire. He shows Ambani's importance, one way or another, to every prime minister since India He was the first to appre-Gandhi, and the nexus ciate the potential of the between political cootribu-equity market and India's tariff decisions on which fortunes could be won or lost.

He describes a series of high-profile incidents in which corruption allegations Ambani associates. This is not new to Indian readers, having been exhaustively covered in the local press. But McDonald, a correspondent who was based in Delhi for disillusioned by unexpected several years and is now foreign editor of the Sydney ing periods, but Reliance still Morning Herald, retells some has millions of loyal small long and complex tales in a shareholders - as well as

The book is thus unlikely to find favor with its image conscious subject. Ruthless in pursuit of his business interests, he could be contempthous toward rivals from the high but variable tariffs, in-Bombay business establishment who were less driven or more scrupulous. But McDonald is respect-

manner,

cess. He was the petty trader who started out in Aden in the dying days of British rule to become the chief player in the Bombay yarn market. From there he became the smallscale textile manufacturer and industrial licensing policies in his favor. This al-

lowed him not only to overtake rivals, but also, more reempire at a time when largescale private enterprise in India was stifled by government controls

tions and apparently obscure millions of small savers to finance his ambitions, first to use convertible debentures as prime financial sources, among the first to appreciate how to use overseas Indian are legion, and fraud and even investment to his own advantmurder charges come close to age. And when India opened up to foreign portfolio in-vestors, Ambani was in the lead raising money in London and New York.

investors often ended up changes in policy or accountconcise and dispassionate large government agency shareholders who invested at critical moments. Much of the criticism of

Ambani is, in effect, of the Indian system of bureaccratic controls, state intervention, dustrial and import licensing, state control of unit trusts and life insurance. To beat the system to get ahead, it was holders. Everyooc did it. Am bani did it most effectively. Economic reform, in-

creased competition, and some bad publicity may have eroded Ambani's position, as well as that of the Delhi bureaucrats. Tighter regulation of financial markets, and foreign listing, may have cramped the Reliance style. But while for many the history of Reliance represents some of the less praiseworthy aspects of India, for at least as many Ambani represents a triumph of ambition, action, entrepreneurship, even of internationalism, over hureaucratism, castism and (strange as it may seem to outsiders) the self-satisfaction of India's

As for Reliance itself, Mc-Donald concludes that there is a real chance it will both shake off the murkier aspects of its past and avoid the fragmentation that has been the lot of so many family businesses in Asia (not just India) when the patriarch passes from the scene. Whatever the future, the Ambani story is central to an understanding of the India of today.

Ambani would have been a hugely successful businessman anywhere, McDonald has written a classic tale of why business and politics should not mix.

International Herald Tribune

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The Prosecution Speaks

Stating the Obvious

The most striking thing about the House managers' recitation of evidence against President Bill Clinton was its redundancy. We know Mr. Clinton lied with persistence. We know he coached others to cover up for him.

We know that he failed, through careful planning and steady irresponsibility, in his constitutional duty to see that the laws were faithfully enforced. We have long known, as Representative James Sensenbrenner pointed nut in his opening statement, that William Jefferson Clinton is a terrible example for youth, as well as for adults involved

What we did not hear was any new information or convincing arguments that went to the core issue before the 100 senators sitting as jurors. Is the scale of Mr. Clinton's offenses sufficient to remove him from office and put the republic through the trauma of disrupting the electoral rhythm that has made the American government a model of stability?

The House prosecutors established in meticulous detail that Mr. Clinton is a weak man. Their announced plan is to address constitutional questions after reviewing the evidence. Even so, they were unable to foreshadow a compelling reason for the Senate to disrupt the quadrennial schedule for the trans-

fer of presidential power.
In other words, the House team acted as if it were the facts that were mainly in dispute instead of the interpretation of the constitutional standard of "high crimes and misdemeanors."

Only the White House lawyers seriously dispute the facts, and that they do at Mr. Clinton's peril. In effectively presenting the obstruction-of-justice case, Representative Asa Hutchinson demonstrated that Mr. Clinton's lawyers have to be careful about focusing on the facts and arguing the law. That

The Case Is Flawed

The allegations presented at the trial are far more serious and credible than the White House will acknowledge. Indeed, the evidence that the president lied under oath remains overwhelming, and the evidence that he obstructed justice remains highly suggestive. Yet despite the merit of many of the impeachment managers' claims, the House's case is flawed, as the opening

presentations made clear. The troubles with the House's case all flow out of the problems with its own impeachment inquiry. The House managers were able to refer only to evidence collected by Kenneth Starr, the independent counsel, because they collected no evidence themselves.

bear from witnesses at trial to resolve too rigid to be a sustainable principle.

strategy backfired in the House and will again in the Senate.

With regard to lying under oath, and particularly obstruction, the facts are dangerous for Mr. Clinton. His defenders need to help the Senate focus on the key question of the scale of the punishment that Mr. Clinton has carned. To justify removal, the prosecutors have to show some fundamental harm to the security interests or stability of the state or some attempt to undermine the U.S. Constitution.

What they have recited so far is evidence demanding a firm but lesser punishment appropriate to an elected official who has failed in his duty and has probably violated federal statutes, but has not done irreversible damage to

tilt the balance toward removal.

But there is an important un-answered procedural question about wimesses. The Senate majority leader, Trent Lott, has failed so far to appoint the four-member bipartisan panel that is supposed to deal with the witness issue. Appointment of such a panel was part of the agreement negotiated by Democrats and Republicans last week.

Instead Mr. Lott has improperly an-thorized a few Republican senators to meet secretly with the House prosecutors to discuss criteria for witnesses. Those clandestine discussions should stop. A joint panel is needed to stand up to the demand for witnesses to engage in the pointless exercise of repeating what we already know.

these same discrepancies have been apparent since the day Mr. Starr sent his referral to Capitol Hill. Despite the gravity of the allegations against Mr. Clinton, it is a startling admission by the managers that the House has impeached a president while the evidence on certain key questions was still am-biguous in the minds of members.

The managers now stress the need to circumstances in which they occur is

French Mischief on Iraq

what would happen. He would use the oil money to rebuild his arsenal of biological chemical and nuclear weapons and extended-range missiles. That is why France's proposal to lift the oil embargn and move to a weakened system of weapons monitoring and anemic safeguards against Iraqi weapons purchases is unacceptable. Sanctions can safely be lifted only when Iraq fully has complied with the disarmament requirements the Security Council imposed after the Gulf War.

Before sanctions were imposed in 1990, Iraq used its oil revenues to import the equipment and ingredients needed to make large quantities of unconventional weapons. The tenacity with which it has shielded its weapons programs from UN inspection leaves little doubt that Baghdad means to rebuild them, and will resume buying components abroad as soon as it can

For now, sanctions are the only effective means to restrain these weapons programs. No system of monitoring Iraqi purchases, as the French propose, is reliable enough to prevent secret deals with rogue arms merchants from Europe, Russia, China or America. Iraq already has the technology and equipment for making germ weapons, nerve gas and nuclear bombs. The inpredients needed for resuming production are readily available.

The most compelling argument

which finances supervised purchases of food, medicine and other basic con-sumer goods. If sanctions ended, there might be less money for civilian needs rather than more, since Baghdad would probably spend some of its oil income on presidential palaces, security forces and covert weapons purchases.

ready to do so. —THE NEW YORK TIMES.

Herald Eribune

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the government.

The presentations also produced no

revelations that seem to require the calling of witnesses for public testimony. The House members' claim that the evidence is clear and well documented undercuts their own argument that witnesses are necessary. The prosecutors brought forth no questions that, if answered in a way unfavorable to Mr. Clintoo in live testimony, would

-THE NEW YORK TIMES.

The other major weakness in the House's case is the continued failure to adequately justify the impeachment under reigning constitutional standards and as a reasonable exercise of the House's discretion. This is not to suggest that perjury and obstruction of justice are not presumptively impeachable offenses, merely that the assumption that they always warrant impeachment and removal irrespective of the

—THE WASHINGTON POST.

If the United Nations were to end sanctions against fraqi oil exports and let the proceeds flow through the hands of Saddam Hussein, there is little doubt made for ending sanctions is the suffering of Iraq's people, who are innocent victims of a cruel dictatorship. But it is a deceptive argument. Under the UN program of oil for food and medicine, Iraq already is allowed to sell \$5.26 billion worth of oil every six months, about as much as Baghdad can pump given today's low nil prices and lrag's aging nil facilities.

Washington now proposes allowing unlimited sales under this program,

The French proposal includes monitoring of known Iraqi weapons facilities by a less aggressive inspections agency than the one now headed by Richard Botter. That is scarcely adequate. Because of Iraqi obstruction over the years, many weapons research and production sites remain unknown and would not be subjected to monitoring. Only aggressive, surprise in-spections can keep Iraq from rapidly rebuilding its arsenal of terror.

For now, the United States and Britain stand almost alone in their insistence on effective measures to curb Iraqi weapons programs. But that is enough. Both countries can veto any weakening of Security Council resolutions on Iraq. They must stand

A Self-Confident Europe Is America's Best Partner

PARIS—It is too early to tell wheth-er the euro will put an end to the dollar's dominant role, and in the short run the birth of "Euroland" will probably not result in a common foreign and security policy for Europe

Nor will the euro transform the ability of film industries in Enrope to resist Hollywood's challenge either.

The United States will continue to be the only true global "hyperpower," the only one with all the mediums of power, from security to popular culture.

Yet the euro will affect the perception that Europeans have of themselves and, therefore, relations between Enrope and the United States. The more self-confident Europe becomes, the more balanced and healthy the trans-Atlantic relationship becomes.

A great deal of lingering anti-Amercanism in Europe can be attributed to inferiority complex. America needs a more confident Enrope. The euro will contribute to it. In the past, Europe and the United

States were united by a common nightmare: the Soviet Union. Today, they have to develop common dream to en-large the boundaries of knowledge and to reduce the destabilizing nature of growing inequalities.

The United States and Europe have

to understand that they have a lot to learn from each other beyond the ste-reotypes and prejudices they have developed about each other as allies, partBy Dominique Moïsi

In the past, starting with de Tocqueville, Europe knew what it could learn primarily from America; it was democracy - equilibrium between the branches of power, transparency and accountability, though they have suffered greatly in self-inflicted wounds

in the current Washington scandal In this century, America was twice a savior for Europe before turning into a guarantor during the Cold War.

America is still considered by many Europeans - with frustration by some, if not resentment - as insurance against the return of a xenophobic and anthoritarian Russia, the proliferation of weapons of mass destruction and the violence of ethnic fragmentation, as in

Washington clearly does not have the answer to all problems; it may apply the wrong means to the pursuit of the right goals — in Iraq, for example — but the world would be much more dangerous without America.

Europeans are convinced that America, too, has to learn from Europe. They believe, more than ever, that there is a European model (regardless of whatever the nuances among the center-left governments) that combines economic growth with social concern. The Asian crisis has made a strong

case for Western democratic control by demonstrating the need of accountab-

em and Asian values. But Asia's fall from grace has also reinforced the belief of many Europeans that, while their system may not be the most dynamic, it remains the

most fair and the most stable. The European model goes well beyoud this moderate humanist message. At its best, it means that men do not live by bread alone; that even in a global age, politics does matter, that economics alone and the logic of the market will not answer the questions emerging from globalization.

In brief, the world market does not create a world community. Ultimately, we have to invent a new equilibrium between the individual and the community that presupposes a reinvention

Their long past, their ingrained sense of tragedy, their diversity, their multiple identities constitute for Europeans their best tools to enter the future. What is the creation of Europe if not this constant ''rubbing of shoulders'' with others - and even with the 'other' in an attempt to transcend age-old bar-riers and misunderstandings?

This is the true meaning of reconciliation that has taken place in North-ern Ireland and in the Basque region. Yet, even in the socioeconomic

sphere Europeans recognize that they, too, can learn from America, in par-

ility to achieve stable economic growth, closing at least for now the largely artificial debate between West-Germany, spoke favorably of the American way of creating jobs - its "sensible mix" of monetary, budgetary, tax and wage policies that conBrazil Inv

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tributed to growth and employment. The European third way constitutes an attempt to reconcile America's freemarket traditions, its emphasis on flexibility, inventiveness and risk-taking with Europe's reinvented social-demo-

cratic principles. Europeans are clearly lagging behind the United States not only in the "hard" domain of security but also in the, "soft" power of dreams, of popular culture. In a world craving for youth and modernity, the very people who denounce America's unilateral power think America and dream America. While Europeans may be proud of their euro, it will not in itself make them dream.

Still, as they become more self-confident because of the euro, Europeans will not need to define themselves against America, but with America in making the world safer and better.

It is our capability to invent common dreams that should chart future trans-Atlantic relations.

The writer is deputy director of the French Institute for International Relations and editor of its publication Politique Etrangère. He contributed this to the International Herald Tribune.

Republicans May Be Gun-Shy, but Democrats Flip-Flop

By Charles Kranthammer

WASHINGTON — Rarely in the annals of doublethink has a party distinguished itself as has the Democratic Party of Bill Clinton. First it insisted that the House complete its impeachment inquiry of President Clinton by the end Then, when the Republicans

did exactly that, the Democrats claimed the House's impeachment to be illegitimate because it was passed by the lame-duck 105th Congress, whose term expired with 1998.

Then the Democrats waxed eloquent about how House Republicans had created a travesty of impeachment by calling no firsthand witnesses and relying on the written record of the independent counsel, Kenneth Starr. Now the Democrats wax. eloquent about how Senate Republicans would create a travesty of impeachment by calling witnesses and not relying on Mr. Starr's written record.

(Of course Republicans, too, pulled off a nice little flip on the issue: no witnesses in the House, a demand for witnesses in the Senate. But at least the Republican flip carried a modicum of logic, Because the House impeachment is analogous to a grand jury indictment, the House could reasonably instify relying on the grand jury testimony already taken. The Senate trial, however, is analogous to a criminal trial. And in criminal trials, grand jury testimony is not deemed sufficient. Witnesses are called.)

It is delightful to watch the Democrats trying to make a straight-faced argument that the Senate trial of the president of the United States must prohibit witnesses. When it is pointed out that it is customary in the United States—as it is in Mongolia and was in Sumeria - to call witnesses in a trial, the Democrats protest that this is not a real

Of course, at the same time, Democrats level constant complaints about Republican un-

PARIS — They have been growing and multiplying gradually, sometimes quietly and sometimes becoming very noisy. But now it has reached

a point where nongovern-

mental organizations, or

avoidable factor in world af-

fairs. They are called the third

sector, alongside the state and

They offer a new channel to

introduce both social respons-

ibility and a democratic ap-

proach where either govern-

ment or commerce has always

dominated. Linking up bey-

ond local communities and

national groups, they are an

energetic force in the conduct

of international relations and

the spread of civil society

There have long been civic

groups cooperating without

government sponsorship; the

International Committee of

the Red Cross is an example.

But the idea of NGOs as a

special, recognized category

comes from the early days of

the United Nations. A number

of national associations were

formed to support the UN and

educate the public on its pur-

poses, and they were given special recognition at its headquarters as a kind of un-

official part of the family.

private sectors.

across borders.

NGOs, are a weighty, un-

fairness on procedure, denying proportions, is in the service of Senate until doomsday. Sn the president the right to — pick fear. Even though there are not much for the business of the one — (a) due process, (b) adequate examination of the evidence against him, (c) fore-warning about the trial's procedures, (d) a speedy trial. But these rights — allegedly violated — are the rights of a defendant in a trial, which the Democrats simultaneously deny that this is.

The denial is fatnous. The U.S. Constitution has very little to say about impeachment procedure, but it is absolutely unequivocal in calling what happens in the Senate a trial.

The idea that there is some principle involved in not calling ican people." witnesses is ridiculous. All this

now 67 votes to convict the American people: president, the Democrats are afraid that witnesses might again change the dynamic of a story whose dynamic has changed unpredictably a half-

And finally, my personal favorite. Democrats say no witnesses should be called because it would result in a long, drawnout trial that would prevent the Senate from going — in the immortal words of their leader when he wagged his finger and lied about "that woman" -"back to work for the Amer-

Then in the next breath, the does not quite rise to Clintonian Republicans dare call one wit- charges of partianiship.

ness they will loose a pro-cedural avalanche, tying up the

Given the absurdity of the Democrats' logic, it is remarkable how reluctant the Republicans are to take on the Democrats frontally over the wit-nesses issue. Yes, Republicans are gun-shy, having suffered in public opinion for every procedural victory in the House. But those procedural victories were pointless. Had House Republicans agreed to the Democratic conditions on time and subject limits (which Republicans adhered to anyway), they would have had unanimous House backing for their impeachment inquiry and thus inwordplay, which aspires to but White House warns that if the sulated themselves from

The Senate 100-0 love-in on procedure punted on the ques-tion of witnesses. It was a clever temporizing ploy. But if when the time comes, Republicans do not have the gumption to seize the witness issue for fear of losing their majority they do not deserve to have a

majority.
The Democrats did have the moral high ground in protesting the airing of Mr. Clinton's grand jury testimony. But they have the lowest of the low ground in calling for a trial without witnesses. It is a position entirely without principle or logic.

If the Republicans canno make a principled case for a few witnesses under circumscribed questioning, they should throw in the towel now and spare u the pretense of a trial.

Washington Post William Group.

A Lost Chance to Undo a Failed Cuba Policy

By Wayne S. Smith

WASHINGTON — Those who had hoped for something new in Cuba policy were deeply disappointed by the measures the Clinton adthe measures the Clinton ad-ministratioo announced last and warned foreign banks not to ident Al Gore that appointing a for distributing them are conweek. What had been called for provide credit to Cuba. was a thorough review of policy that would lead to sweeping changes. What was offered was last October, a distinguished to sweeping changes was a foreign this back- jeopardize his chances in the presidential elections in 2000. The administration caved service, the Cubans have long group, largely made up of Re-publicans, called on President a series of unimportant small steps, some impractical, others a timid augmentation of what is

already being done, but none that alter policy significantly. Thirty-nine years after the U.S. embargo was first imposed, Fidel Castro is still in power. The embargo accomplished nothing, but neither did it cause serious problems with the rest of the international community for most of the time. But With the Cuban Democracy Act in 1992, Wash-

NGOs Fill an International Gap

By Flora Lewis

variety of causes, capable of mobilizing many thousands of delegates for world confer-

ences such as the environment

in Rio, population in Cairo, women in Beijing. When

NGOs are determined, gov-

ernments often take pains to

ing. Government representat-

not elected, are not account-

able to anyone, cannot be held

to responsible when they in-

dulge in provocations or cam-paigns with unintended con-

sequences. Tommy Koh, ex-ecutive director of the Asia-

Europe Foundation in Singa-

European group that suc-ceeded in forcing the shutdown

of a factory in Bangladesh us-

ing child labor, only to learn to

that poverty then drove the

girls who worked there into

elosed its operations in parts

of Africa when it concluded

that its policy of rigid neut-

NGOs go where business is

They have developed into not interested in the human power on specific problems.

rality was being abused to make it an unwitting accomplice in the cause of murderous Hutu rebels.

people from many countries.

The NGOs have arisen to fill this gap. They both prevent great concentration of power

Doctors Without Borders

prostitution.

advocates for an enormous impact of its enterprise, and

pore, wrote recently of a

At the same times, a certain

entment of NGOs is mount-

point out that NGOs are

consult them.

courts if they "trafficked" in portedly, one Cuban-American

Bill Clinton to appoint a bipartisan commission to conduct a thorough policy review. Coming as it did from 25 senators and from cabinet members of former Republican administrations, including Secretaries of State Henry Kissinger, Lawrence Eagleburger and George Shultz, the call for a

bipartisan commission would have provided the president with effective political cover. ington began telling companies incorporated in other countries that they could not trade with Cuba. In the Helms-Burton Act of 1996, it threatened to haul

where government does not

care or is not politically able.
A special bulletin, called NGOs News, is distributed in Eastern Europe to help new groups learn from the exper-

ience of others and join in the

search of power. According to

an account from a Hungarian

representative, it has been

hard to get local governments

to accept partnerships with civic communities because

the traditions from the Com-

munist system (and earlier) in-

sist on relations of authority:

'the king and his subject.'

And yet, there are things that need to be done that gov-

ernments cannot do or will not

do, and things that they should

not do, but which the spon-taneous but organized NGOs

can achieve.

This is where to look for

democratic guarantees as the

international system gets

more and more complex

There is no world govern-

ment, but there are world con-

cems - projects like the en-

vironment, the status of wo-

men, the welfare of children

that need the contribution of

and encourage the focus of

Flore Lewis.

more and more intrusive.

foreign companies into U.S. voiced strong opposition. Re-

As a sop to those who had hoped for more, Mr. Clinton announced measures he said would expand contacts with the Cuban people and show support pressure on Havana. The number of charter flights for family visits to Cuba will be increased: processing of visas and licenses will be streamlined, there will be more cultural, academic and

sports exchanges, including ex-hibition baseball games between a Cuban team and the Baltimore Orioles. The latter is the only breakthrough: More than 20 years ago, Mr. Castro suggested a baseball game. The other measures, however,

are not likely to increase appreciably the flow of people between the two countries. Cuban-Americans currently can send \$1,200 a year to family members; under the new rules, any U.S. citizen can send that much to private citizens or en-

tities on the island. The proposed sale of food to private institutions, the sale of fertilizers and farm implements to private farmers and cooperatives, and the proposal to begin direct mail service will be Angeles Times.

more difficult to carry out Neither private restaurants no farmers have any means of buy ing such goods. The importbipartisan commission might trolled by the Cuban govern taken the position that it will require regularly scheduled air service, not charters. As for the administration's proposal for increased funds for Radio and for them, but also keep the TV Marti, it is absurd. Given its stridency, Radin Marti's listen-ership in Cuba has plummeted Over the years, the U.S. taxpayers have wasted \$120 million on TV Martí even though it is never seen or heard.

Short of a bipartisan panel. Mr. Clinton might have indices ated support for legislation to lift the embargo on the sale of foods and medicines, removed all travel controls or announce the closure of TV Martí and the transfer of Radio Martí back to Washington from Miami, where it can be brought under control

courage Havana to move ahead that government'c

The writer, a senior fellow at the Center for International Policy, was chief of the U.S. interests section in Havana from 1979 to 1982. He contributed this comment to the Los

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Stock Inflation

PARIS - [The Herald says in an Editorial: The Herald's financial correspondent calls attention to the inflation of railway stocks and bonds in the United States. As an instance is cited the Milwankee and St. Paul. The common and preferred shares have increased by thirty-two million dollars, a sum equivalent to the net earnings of the line for two and a half years. When it is bome in mind that the stocks of less prosperous railways have advanced almost as much in proportion, it is evident that speculation in American railways is extremely hazardous.

1924: Theatre Custom

ROME — The "Portuguese," or free theatre ticket holder, is in danger. The theatres here intend to abolish him, although be had been a recognised institution in the Eternal City for centuries.

The origin of the "Portuguese" is unknown. Some maintain that his prototype was an unfortunate individual who was compelled by an impresario to come in and form the public of an otherwise deserted theatre.

1949: GIs' Marriages FRANKFURT — Because 100 many German women were nk-

ing advantage of young and susceptible occupation soldiers. European Command headquare ters announced that no further marriages to Germans by American soldiers below the rank of sergeant will be permitted. Army chaplains had become alarmed over the unstable qualities of these occupation unions. Too many women were marrying Gla to get nut of Germany. Special dispensations can be obtained. In such cases the regulations specify that there must be a six-month 'cooling-off' period before the marriage.

U.S. Factory Enthusiasias cof Contract

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of the Vnice of America. If Washington wants to enwith reforms, it must deal with

Brazil Invades Europe-Asia Summit Agenda

By John Schmid onal Herald Tribu

FRANKFURT — As Brazil's sliding currency rattled world markets, finance ministers from across Europe and Asia proposed "very different solutions" to counter the wild swings that have damaged emerging economies in Asia, Russia and Latin America.

Financial leaders from 25 nations meeting here could not reach a consensus on proposals to curb the destructive waves of volatility in the world's currency markets, but they did agree that currency instability had mmed into a "major problem," Deputy Finance Minister Heiner Flassbeck of Germany said.

Mr. Flassbeck, a major proponent of plans to place controls on currency markets, said the in-ability to settle on a feasible plan demonstrated the challenge governments face in mounting a workable offensive against powerful currency markets. Leading central bankers, whose support is vital to implement such plans, oppose most government-spinspired curbs on the markets as unworkable.

i Asked when a realistic plan might emerge, one of the leading summit participants said, "that is the \$100,000 question that no one can answer." In the tightly interwoven global economy, the turmoil in Brazil immediately set off alarm bells in Europe, where the economy already is cooling more rapidly than most government leaders had expected.

Brazil's currency devaluation quickly found itself actions in the markets as and when necessary."

on the agenda in Frankfurt, officials at the summit "The most important topic is how we can further said, although the conference ostensibly was organized to discuss the Asian crisis.

"I am very concerned about the situation," Mr. Flassbeck said. "A solution has to be found quickly as there is the danger of contagion due to the Brazilian crisis."

"The situation in Brazil is very worrying," greed Yves-Thibault de Silgny, the European Union's commissioner for monetary affairs.

Oskar Lafontaine, the German finance minister and host of the two-day summit, issued a joint declaration with his Japanese counterpart, Kiichi Miyazawa, that called for a new "exchange-rate regime." Mr. Miyazawa and Finance Minister Dominique Stranss-Kahn of France separately agreed on a similar communiqué.

But all the statements were vague, avoiding concrete details. "I do not think target zones can be of any use,"

Finance Minister Genit Zalm of the Netherlands said, referring to one of the most frequently touted

German-led proposals.

Avoiding specifics, the Japanese-German statement "noted the necessity of examining the possibility of creating an exchange-rate regime among major currencies that would reduce excessive volatility." In order to counter unwanted volatility, Mr. Lafontaine and Mr. Miyazawa reaffumed that they would "cooperate with each other to take

stabilize the world's financial markets," Mr. Lafootsine said during a break in the deliberations. Strong currency volatility causes unemployment, 'and we want to fight unemployment.'

Disagreement among the ministers reflects differing interests among the major currency blocs. In the United States, monetary officials balk at any attempt to erect a "new financial architecture." In Japan, meanwhile, the view is radically different. With the Japanese economy in recession, the recent appreciation of the yen has worsened the economic outlook by hurting exporters in an export-dependent economy. The Bank of Japan intervened this week to cap the yen's increase. The slowing euro-bloc economy also would be vulnerable if unfavorable

currency movements began affecting exports.

Despite stiff opposition so far, the new leftist
German government hopes that its ideas for socalled exchange-rate corridors might begin to find a more receptive audience if the crisis continues to worsen. Officials in Frankfurt claimed the German proposals were finding more and more sympathy, even in the United States.

The urgency of the latest appeals, however disparate, reflect fears of a spillover effect from Latin America on the global economy. Bot European Silgny said. "I think this crisis is manageable."



leaders tried to be reassuring. "I think the spillover effects are smaller now we have the euro." Mr. de counterpart, Kiichi Miyazawa, left front, and Finance Minister Dominique Strausscounterpart, Kiichi Miyazawa, left front, and Finance Minister Dominique Strauss-Kahn of France to the Asia-Europe summit meeting in Frankfurt on Friday.

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Off 5th, the Saks Fifth Avenue store at the Woodbury Commons outlet center near New York City.

U.S. Factory Outlets Get Marked Down

Enthusiasm of Consumers and Investors Wanes as Growth Slows

By Leslie Kaufman New York Tanes Service

NEW YORK - The Monday after New Year's, Karen Tipper and her daughter, Meagan, strolled the Worcester Common Outlets in Worcester, Massachusetts, in search of a suit. Their goal: a designer label for around \$150.

The Benetion and Ann Taylor stores were worth a visit, they knew; they had found bargains there before. But they steered clear of tonier designers such as Donna Karan and Joan & David. Meagan, a first-year law student, scoffed at their prices. "They are saying \$350 is cheap," she said.

After nearly a decade of explosive growth and outsized

profit margins, the outlet industry has run into trouble. Facing increased competition from fashion-conscious discounters, sale-happy department stores and increasingly savvy shop-pers such as the Tippers, outlets, which feature direct-fromthe manufacturer merchandise at supposedly bargain prices, got a rebuke from both consumers and investors in 1998. At the end of October, sales in outlet stores open at least a year, a standard industry measurement, were down nearly
2 percent, according to Value Retail News, a unit of the
International Council of Shopping Centers.

A fairly robust Christmas season probably gave the contlets a lift, but even so, Prime Retail Inc., the biggest player in the field with 25 percent of all outlet space nationwide, predicted that holiday sales would bring its overall figures for stores open at least a year only to the

level of last year — significantly lower than the 5.9 percent growth the entire retail industry experienced in 1998.

Some 50 percent of outlet space is owned and operated by real estate investment trusts, or REITs — publicly traded real estate holding companies — and stock prices of these trusts were also down significantly for the year. Prime
Retail ended the year with its value down 21 percent. Tanger
Factory Outlets Centers, the second-largest outlet real estate trust, recorded a 25 percent drop. Chelsea GCA Reaity Inc., which rounds out the top three REITs, did considerably better but still returned less than I percent to investors. Disappointing sales and stock prices do not give a full pipicture of the industry's health, of course. Operating costs

for outlet stores are still relatively low, and sales per square foot are still relatively high. Unlike department stores, which run on much tighter margins, profits for outlet retailers can be good even in an off year.

Still, there are plenty of signs that outlets have hit harder times. From 1988 to 1997, the number of outlet centers roughly tripled, from 108 to 329, according to Value Retail News. By the end of 1998, there were only 301 such malls. The number of chains with outlet stores also declined, from a high of 543 in 1996 to 493 at the end of last year.

More significantly, many big-name designers, whose stores usually anchor the outlet mails and are the primary draw for shoppers, had a bumpy year. In October, when second-quarter results were announced, Polo Ralph Lauren Corp. told analysts that its sales at stores open at least a year were down 4 percent for the year. Polo would not break outlet numbers out from its retail operation as a whole, but a company spokesman, Hamilton South, acknowledged that the performance of the Lauren outlet stores was "mixed."

Jones Apparel Group Inc. said both third- and fourthquarter outlet sales at stores open a year or more dropped by single-digit percentages. The company plans to cull its 245 outlet stores to around 200 by the end of this year. Lands' End Inc. plans to close three of its 19 outlet stores. Donna Karan International blamed, in part, the softness in its ootlet

store business for weak third-quarter results. The industry is suffering, in part, from reckless expansion. Linda Humphers, editor of Value Retail News, said outlets were "the darling" for a while.

"Then, as developers will do, they built quickly and willy-nilly," she added. Now investors are more cautious, the best departure or a still out there.

she said, but the bad centers are still out there.

To be sure, some outlet centers are performing well, including, for example, the Woodbury Commons Premium Outlet Center in Central Valley, New York, an hour outside New York City, and Potomac Mills Mall in Prince William, Virginia, a huge entertainment-shopping bybrid 45 minutes south of Washington. Such 'megacenters' have added significant new space over the last year, and many experts say the ones close to population centers still have a great

Next Round Seen in Fight for AirTouch

LONDON - Vodafone Group PLC of Britain and its U.S. rival, Bell Atlantic Corp., look set to flex their muscles in the trans-Atlantic fight for AirTouch Communications Inc., the U.S. wireless telecommunications giant, analysts said Friday.

ready to raise their multibillioo-dollar fair price to shareholders, and beat bids to win control of AirTouch, then Vodafone by \$2." largest wireless company in the i

Shares of AirTouch rose \$3.8125 to

speculation since all the companies have kept quiet."

per share for AirTouch, valuing the Touch deal, sources said.

cisco-based company.
"Bell Atlantic has to raise their bid," said Kevin Roe, an analyst at ABN-AMRO. "They don't necessarily have to match Vodafone, but they have to get a lot closer to it."

James Cullen, president of Bell Atlantic's telecommunications unit, said Reports on both sides of the Atlantic his company wanted "to pay exactly the said Vodafone and Bell Atlantic were right price, a fair price to AirTouch, a

> But Bob Varettoni, a Bell Atlantic spokesman, later clarified Mr. Cullen's

close at \$82.625 on the New York Stock

Exchange.

"There's a lot of speculation fueling: acknowledging that we are in talks with this rise," said a London analyst whole Air Touch to develop reasonable and fair did not wish to be named. "But it's all: speculation since all the companion."

Bell Atlantic could potentially raise the ante thanks to a U.S. regulatory Previously, people close to the situ-ation have said, Vodafone offered \$90 favorable accounting method for an Airdecision that would allow it to use a

share, or \$43 billion, for the San France landecontends no swalle away-from their wars account to (Reuters, Bloomberg) ed; to compede at positive at

fight for AirTouch's broad reach of in-ternational and U.S. networks, which

stretches to 13 countries. For Bell Atlantic, AirTouch offers a position in the Western United States, allowing the Baby Bell to break out of its relatively confined East Coast mar-

For Vodafoue, AirTouch offers a strong fit internationally, with Vodafone's oorthern European assets meshing well with AirTooch's operations in southern Europe. AirTouch would also give Vodafone a footbold in the United States, a market from which it has shied

Vodafone could probably afford to raise its offer to \$92 per share without a significant dilution of its earnings, said Tressan MacCarthy, an analyst at Credit Lyonnais Securities in London.

At this point, though, estimating the final price for Air Toocb is complicated by the fact that neither suitor has actually confirmed how much it has bid, company at about \$51 billion. They say According to analysts, one thing is leading at least one punning pundit to Bell Atlantic has bid about \$75 per clear Neither Vodafone nor Bell Atleading at least one punning pundit to

Buenos Aires Vows to Keep Peso Pegged

By Clifford Krauss New York Times Service

BUENOS AIRES — As Argentine interest rates surge and the local stock market gyrated in response to the devaluation of Brazil's currency, several senior Argentine officials are pledging they will oot budge the peso from its 1to-1 linkage to the dollar or veer from other free-market policies.

President Carlos Saul Menem proci jected calm Thursday as he returned. Brazil crisis will pass quickly. from a visit to the United States, ap-20 pearing on television smiling and dressed in a sport shirt and slacks. "This will pass quickly," he said, even as he summoned his cabinet for an emergency

Argentines did not panic despite alarming headlines in the local financial press, with economists reporting almost oo withdrawal of deposits from local banks over the last two days. Bot foreign investors continued to sell Argentine stocks heavily even as Brazil's Bovespa index showed signs of recovery.

The Argentine benchmark Merval index plunged 10.2 percent Wednesday, and fell another 4.4 percent Thursday before recovering as gain 12.5 percent on Friday.

Argentina's economy is closely linked to that of Brazil because 30 percent of its exports go to its northern oeighbor. With the devaluation of the Brazilian currency, the real, Argentine goods will become less competitive oo the Brazilian market and high interest rates are likely to further limit the buying power of Brazilian consumers.

Private economists predicted that a coming economic contraction - particularly in the acto, steel and cement industries — would lower corporate earnings, squeeze tax receipts, and force the government to reduce spending m the coming months.

The impact of the Brazilian crisis has been immediate, with the prime interest rate for private businesses rising from 11 percent to more than 13 percent overnight. Meanwhile, even as government officials spoke optimistically of the future, they held off plans to issue a new global bond and privatize part of the National Mortgage Bank until in-ternational capital markets calmed.

"The Argentine economy will react with a deep recession," predicted Dario Lizzano, head of equity research at Santander Investments in Buenos Aires. There will be a lack of credit and that will generate a strong increase in in-terest rates at least in the short term." Gustavo Canonero, a senior econom-

ist at Deutsche Morgan Grenfell in Buenos Aires, said. "In this volatile economy, you will see the Merval con-

tinue to be weak." But, in an interview, the deputy eco-



Mr. Menem predicted impact of

oomy minister, Pablo Guidotti, sketched out a brighter scenario. "At this point, it is still early to say the current situation in Brazil will delay our recovery." he said. "Brazil's problems now mean a closing of capital markets and increasing our country risk premi-um, but this will have no lasting effect if the situation in Brazil is short-lived."

As a result of Brazil's devaluation, many Wall Street and local economists have revised their forecasts for the Argentine economy in 1999, from 2.5 percent growth to zero or even a contraction after nearly a decade of almost

uninterrupted expansion.
Neterineless, independent economists and political analysts said they believed Mr. Menem would not veer off his free-market course, in part because it oow appeared certain that be would not be a candidate for re-election later this year. And since Mr. Menem is a sworn enemy of the likely presidential candidate of the ruling Justicialist Party — the Buenos Aires governor, Eduardo Duhalde - most observers feel it is unlikely he will be tempted to return to old populist policies to promote his party's cause.

The linchpin of Mr. Menem's economic policy has been the peg of the peso to the dollar, known to economists as convertibility. The currency peg is set by law and prohibits the government from issuing new money unless ocw pesos are backed by dollars or gold reserves in the central bank.

The peg, instituted in 1991, reduced Argentina's inflation rate from more than 2,000 percent to single digits almost immediately.

At worst, in the event of a huge, prolonged Brazilian devaluation, economists said Argentina could replace the pesos completely with dollars. However, Mr. Guidotti said oo

drastic measures would be occded. He said the government was sticking to its projection of 2.5 percent to 3 percent growth in 1999.

At a news conference Thursday, Economy Minister Roque Fernandez said, "There will not be a devaluation." He added, "There is not the slightest doubt our economy can overcome these dif-

China Sets Plan to Clear **Bad Loans**

By John Pomfret Washington Post Service

BEIJING — Aiming to avoid the pitfalls of the Asian financial crisis and sidestep the troubles threaten-ing Brazil, China has readied a plan to deal with the massive bad debt amassed by its four biggest banks.

In a recent interview. China's influential deputy finance minister, Lou Jiwei, said the government would establish asset-management corporations to absorb billions of dollars of debt for the banks. The debt is estimated to amount to 25 percent to 40 percent of the banks' outstanding loans.

If successful, the move would be a key step in China's plans to commercialize its major banks and remove them from the influence of local political bosses who routinely force banks to make loans to moribund state-run companies.

The plan is being pushed as con-cerns mount over China's financial sector. On Sunday, a major provincial finance company, Guangdong International Trust & Investment Corp. announced it was going into bankruptcy and revealed it had debts of more than \$4 billion. Another southern Chinese firm, Guangdong Enterprises (Holdings). Ltd., owes \$2.94 billion and appears close to bankruptcy.

Some analysts were skeptical of the plan. "This is an important signal that China is still committed to financial reforms," said an analyst at a Western bank, "but ultimately it's going to be more of an accounting trick than anything else."

Chinese officials have said the plan, which they have worked on for several years, is modeled on the Resolution Trust Corp. that was estab-lished in the wake of the savings and loan debacle in the United States.

Mr. Lou acknowledged that China learned much from the U.S. experience but added that instead of amassing all of the banks' bad debts under one roof, there would be four separate organizations, one for each of the four banks: the China Construction Bank, the Bank of China, Industrial & Commercial Bank of China and the Agricultural Bank of China.

Some analysts took issue with the comparison. First, bad loans held by these banks comprise at least 20 percent of China's gross domestic product. By comparison, bad debts during the U.S. savingsand-loan crisis never exceeded 8

See CHINA, Page 13

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"We will get through this crisis just like we did in Mexico and Asia

The rebound in stocks drew funds

out of the Treasury bond market,

where the benchmark 30-year issue fell 25/32 point to 102 6/32. The yield rose to 5.11 percent from 5.06

"The markets are less worried

about the impact of Brazil," said Marc Fovinci, a fund manager at

Ferguson, Weilman, Rudd, Purdy &

Van Winkle Inc. "The flight to

tempting to act.

percent Thursday.

quality has reversed."

Very briefly:

 Atlantic Richfield Co., the sixth-largest U.S. oil company, will take a fourth-quarter charge of \$890 million and expand job cuts to 1,200 from 900 over the next year because oil prices are lingering near 12-year lows. The charge against earnings largely reflects the lower value of the company's oil and natural gas reserves because of the falling prices.

 General Electric Co.'s broadcasting and financial services units, NBC and GE Capital Corp., jointly acquired 9.9 percent of Telescan Inc., which develops and operates Internet sites and on-line networks serving the financial, publishing and entertainment industries. The transaction is valued at \$9.2 million. Telescan said it was in talks to license its technology and parts of its content to NBC, and to provide other tech-

• True North Communications Inc., the world's sixth-largest advertising company, is suing Publicis SA of France, its former partner in a global alliance, for more than \$60 million over what it contends is an inadequate valuation of its shareholding in Publicis. Publicis said the suit was ground-

· Phelps Dodge Corp., the largest U.S. copper producer, reported an unexpected fourth-quarter loss, mostly because of lower copper prices. The company had a net loss of \$41.8 million, after posting net income of \$32 million a year earlier. Revenue fell 18 percent, to \$706.7 million.

 Abbott Laboratories, one of the biggest makers of drugs, medical devices and tests in the world, reported a 10.5 percent increase in fourth-quarter profit as it sold more medical equipment and medicines, such as the ulcer treatment Prevacid. Net income rose to \$626 million from \$567 million a

 Consolidated Papers Inc., the largest maker of paper for magazines and brochures in North America, reported that fourth-quarter profit fell 47 percent as prices dropped amid a rising tide of imports. Net income declined to \$19 million from \$35.8 million a year earlier.

Brazil Gives Wall Street Room to Rally

Compiled by Our Staff Prom Dispercise chief investment officer at Renaissance Investment Management. NEW YORK - Stocks rose strongly Friday on optimism that Brazil's decision to let its currency float would revive its economy and in years past," said Alan Ackerman, prevent a meltdown in emerging markets that could spill over to Wall senior vice president at Fahnestock & Co. "Brazil is listening and at-

The Dow Jones industrial average closed 219.62 points higher at 9,340.55 and the Standard & Poor's 500 index finished up 31.05 points at 1,243.24. The Nasdaq composite

U.S. STOCKS

index ended 71.38 points higher at 2,348.20 and gaining issues beat losing ones by a 3-to-2 ratio on the New York Stock Exchange.

"Maybe the worst of the Brazilian situation is behind us and now we know where we stand," said Ned Collins, head of trading at Daiwa Securities America.

The Brazilian government on Friday reversed its pledge to defend its currency, the real, which pushed the Brazilian currency down sharply against the dollar. The move is seen as a way for Brazil to attract foreign investment and hold on to its currency reserves, and it helped send Brazil's benchmark stock index up

The news provided relief for investors who feared that the financial crisis in Brazil, one of the most important U.S. trading partners, would spread through all of Latin America.

"With Brazil's rally, there's less fear of a domino effect, of one emerging market after another collapsing," said Michael Schroer,

Renault May Seek

NEW YORK - The French

auto group Renault SA has offered to enter into a compre-

hensive alliance with the Japan-

ese carmaker Nissan Motor Co.,

a Japanese newspaper reported. The Nihon Keizai Shimbun

reported from London that the

offer included the French com-

pany acquiring about 20 per-cent of Nissan. Nissan is re-

portedly studying the offer. Nissan has been in negoti-

ations with DaimlerChrysler

AG about the sale of its affiliate, Nissan Diesel Motor Co.

The report said Nissan planned

to confinue talks with the Ger-

man-U.S. automaker.

Grains

SUGARWORLD 17 (NCSE) 112,000 Res-cours per ls. May 99 8.50 8.24 8. May 99 8.51 8.08 8. July 9 7.92 7.75 7. Oct 99 8.14 7.97 8.

Link With Nissan

Continued from Page 1

lowered the currency's value by 8 percent, in what it had hoped could be a controlled devaluation. But in an intensifying exodus of dollars from Brazil in recent days — some \$1.8 billion left central bank coffers Thursday — government officials try's overvalued currency.

Were forced to act.

Friday evening Readily.

"To their credit, they didn't spend all their foreign currency re-serves in a failed attempt to defend the currency, as many Asian nations did," Jay Bryson, international economist at First Union Corp., told Bloomberg News. "Brazil just did the inevitable, which is a good

The earlier Brazilian commit- change rate on Monday that would

ment to defend its currency had be based on the free-market value of strained relations with officials in the real on Friday. Washington and at the International Monetary Fund, which is backing Brazil with a giant \$41.5 billion rescue package. They urged Brazilian officials not to squander the ball-out money defending the coun-

their revenue, which suffered the most after Brazil devalued its cur-

rency this week, gained Friday. J. P.
Morgan, which lost 9 percent on
Wednesday and Thursday, jumped
6 13/16 to 108 13/16. Cingroup,

which lost 11 percent in those two

American depositary receipts of

Telebras, the Brazilian national

phone company, rose 15% to 69%. Internet fever continued to bolster

technology stocks. Market-

watch.com, an on-line business

news provider, closed at 971/2, up 801/2 from the 17 at which it offered

shares to the public on Thursday.

The company, formed through a

days, rose 11/2 to 52.

Friday evening, Brazil's finance minister, Pedro Malan, and its new central bank president, Francisco Lopes, flew to Washington to meet with IMF officials. Sources in Washington said that Fund officials would be discussing Brazil's future

monetary regime over the weekend. Some analysts suggested the gov-ernment would establish a new ex-

BRAZIL: Currency Float Soothes Latin American Markets

Companies that depend on Latin joint venture between CBS and Data America for a significant portion of Broadcasting, was the first major their revenue, which suffered the IPO of 1999 and had been eagerly most after Broadcasting.

awaited by investors.

for Xoom.com members.

Xoom.com rose 9 1/16 to 57 after

the Internet direct-marketing com-

pany and InfoSpace.com formed an

alliance to make InfoSpace the ex-

clusive provider of on-line white

ages, yellow pages and classifieds

But investors took profits on

some Internet stocks after huge re-

cent gains. Yahoo! fell 26 15/16 to

Platinum Technology, a software service provider, fell 5 5/16 to 131/8

after saying its fourth-quarter profit

(Bloomberg, Reuters, AP)

would disappoint analysts.

■ Strategy Ends 'Real Plan'

Brazil's move on Friday effectively ended the government's four-year old "Real Plan" that loosely pegged the real to the dollar, Bloomberg News reported. It was the heart of President Fernando Henrique Cardoso's effort to rein in what was once hyperinflation and attract foreign investment.

But analysts said Brazil's move may hurt companies with dollar debts and re-ignite inflation. The economy may also shrink up to 5 percent this year and the inflation rate may jump to 10 percent, eco-

Dollar Rises on Brazil Optimism

NEW YORK - The dollar rose against other major currencies Friday on expectations that Brazil's four-year-old "Real Plan," which arive foreign-exchange policy in a decision to let its currency float used high interest rates and foreign-statement scheduled for Monday, freely would speed recovery in Latin America's largest economy, a key market for U.S. goods.

"This was long overdue," said John Rothfield, a currency strategist at BankAmerica Corp. While a weaker real "will lead to short-term difficulty due to the increased local cost of funding foreign debt, it's terest rates that rose as high as 70 going to shorten the time it takes for percent this week.

rose to 1.3840 Swiss francs from sign." 1.3573 francs and to 113.950 yen

from 113.625 yen. The pound fell to \$1.6493 from \$1.6557:

Brazil on Friday abandoned its to come up with a credible altern-

currency reserves to keep the real pegged loosely to the dollar. Without that burden, analysts said Brazil

FOREIGN EXCHANGE

would be able to focus on reducing its budget deficit and lowering in-

Brazil is not going to waste its The dollar rose against Europe's reserves defending a currency that single currency, with the euro quoted at 4 P.M. at \$1.1558, down from \$1.1697 Thursday. The dollar rose to 1 3240 Sprice from the currency strategist at Bank-Boston. That's "an encouraging sign."

Whether the optimismerabout i ... (Bloomberg Bridge News)

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m-our London office:

Tel.: +44 1 71 420 0326

traders said.

Rising stock prices in Brazil and on Wall Street also helped the dollar, as did encouraging statements from an international group of finance ministers meeting in Frank-

Mr. Rothfield of BankAmerica said Brazil's economy was likely to get worse before it gets better, as companies struggle to repay for-eign-denominated debt made more expensive by the weaker currency. "It will be a deeper but shorter recession than Brazil would have had otherwise," he said.

group, while 13 8 billion ruples in thirds of payarens owed to a

Companies Join Up for New Lobby

NEW YORK — Leading companies ranging from IBM to Bertelsmann have formed a... global group to discourage goveruments from imposing taxes and other measures that could. hurt business over the Internet.

The group, representing businesses in technology, media and finance, plans to present, suggestions on policy to gov-emments around the world as well as send a general message, against government regulation of the exploding medium.

Led by 24 companies, the Global Business Dialogue on Ewith European Community of-ficials against a European pri-

Some companies doing business in Europe fear the directive information for everything from financial transactions to junk mail, stifling commerce.

now," said Thomas Middel-inhoff, chief executive of Bertelsmann AG, the German pub-

government on issues important to the high-tech industry, A which this year won a temporary ban on Internet taxes and

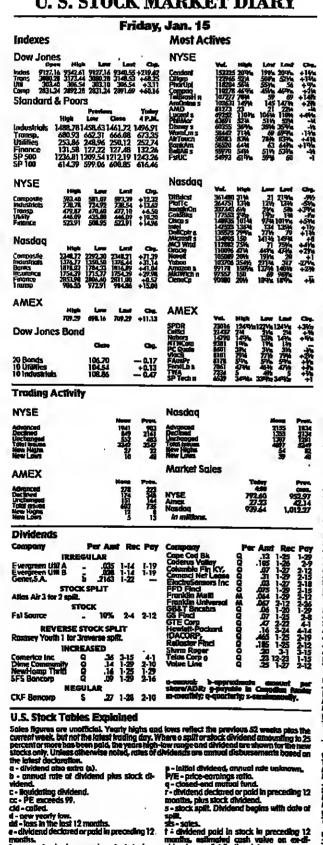
new copyright protections.

While group leaders said they represented a cross-section of industry opinion, softwared. titan Microsoft Corp., the largest Internet player, is not a member. The group said Mi-

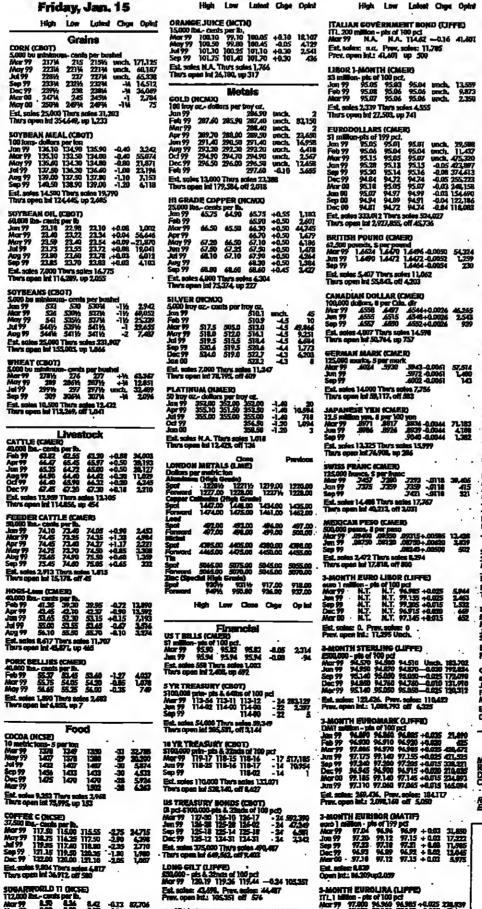
Other executives announcing the initiative included Louis Gerstner, chairman of: IBM; the chairman of Time Warner Inc., Gerald Levin; and James Barksdale, Netscape, Communications Corp.'s chief

subishi, Fujitsu and NEC of Ja-. pan, Finland's Nokia, France Telecom and Marks & Spencer, the British retailer.

U. S. STOCK MARKET DIARY



INTERNATIONAL FUTURES



Ford's Jobs Reduction 7 Leads to Earnings Cut 50,000 Rs. coaks per k, Mory 9 59.53 +0.22 34,902 May 99 60,50 60.31 60.70 +0.24 14,578 July 9 61.70 61.32 61.45 +0.31 12,562 Oct 99 62.70 62.45 62.45 +0.10 12,562 Oct 99 63.80 63.50 63.54 +0.09 12,515 plant to a new joint venture DEARBORN, Michigan formed by Ford and ZF - Ford Motor Co. expects to Friedrichshafen AG of Ger-

slice \$630 million from its many to make a new high after-tax fourth-quarter carnings in large part because of should be completed during its early retirement program that reduced the company's work force by nearly 9,000

The one-time charges total cost is a lot bigger than I can \$950 million before taxes, pected," said David Healy. The one-time charges total Ford said Thursday. The an analyst of Burnham Se largest portion, \$730 million before taxes, is for the cost of joint venture numbers are the early retirement program about in that reduced Ford's work force told us." by about 2,200 people in North America, 2,000 in Europe and

4,600 in South America. off the loss related to its in- utive quarters. vestment in South Korea's bankrupt Kia Motors Corp. Ford sold its stake in Kia last month after its failed bid to take over the automaker in an auction. Hyundai Motor Co.

taxes for the transfer of its owns 7 percent of Kials

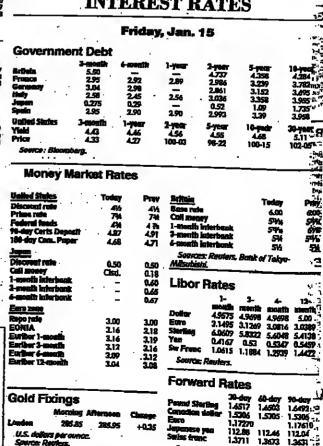
tech transmission. That the first quarter.

Ford shares rose \$1.625 to close at \$62.
"The employee separation

If Ford exceeds analysts carnings expectations for the fourth quarter, and surpasses Ford also will take a \$110 the year-ago earnings, it will million pretax charge to write have done so for 11 conser-Ford sold its Kia shares last

month to J.P. Morgan Securities Inc. for about \$11 mil lion. That is less than what Ford invested in Kia since Ford also expects to take a Ford's Japan-based affiliate
Mazda Motor Co., which still

INTEREST RATES



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MIDSTOCK MARKS

- the street

Commerce said Thursday it. would speak in coming weeks vacy measure that would make it tougher for companies to transmit personal data about their customers over the Internet.

"We have to take action.

lishing conglomerate. The formation of the group-follows the success of U.S. companies in lobbying the U.S.

crosoft did not seek to join

Also joining were executives from Bank of Tokyo-Mit-

EUROPE

Wolvo Moves on Rival Truckmaker Scania By Alan Cowell New York Times Service LONDON — Breaking abruptly of speculation about possible consolidation in the wake of the block-buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and have run into opposition from the way to prove the property of the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and have run into opposition from the province of the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel, and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel and the block buster merger last year of Daimler in the U.S. and is starting to cooperate with Nilsam Diesel and the block bu

practices, Volvo AB mounted a bid Friday to take over a fellow Swedish irnekmaker, Scania AB, purchasing percent of its stock for \$662 million in a precursor to further con-

'it's obviously a hostile approach lo Scania," said John Lawson, auto industry analyst at Salomon Smith Barney. "It's almost breaking a taboo. A hostile approach in Sweden doesn't happen that frequently."

A Volvo spokesman denied, however, that the move foreshadpwed the selling of Volvo's vulnerable car division. Analysts have speculated for weeks that such a sale by Volvo, the smallest of the major ufacturing division. European auto producers, was imminent.

industry — plagued by overcapacity, ness investment in Europe is likely soaring costs and ferocious compet-

the longer-term OFZs, daily levels

topped 4 hillion rubles.
What investors had been expect-

er happened. Russia, which defaul-

August, has failed to persuade for-

eign holders of the securities to take

many domestic holders of the de-

ated that no swap has taken place.
The old bonds, worth about \$40

billion at the time of the default,

as the ruble has plunged more than

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vernment securities

of speculation about possible consolidation in the wake of the block-buster merger last year of Daimler in the U.S. and is starting to co
idation and economies of scale. management, adding that the acquisition of the stake by Volvo was
in the U.S. and is starting to co
"noted with surprise."]

Other reports have mentioned Volksolidation in the unsettled European automotive industry or even for a German rival, Bayerische Motoren Werke AG.

"We are in discussion with lots of carmakers," said the Volvo spokesman, Stefan Lorentzson, mentioning Ford, Fiat and Volkswagen. But he insisted that while Volvo sought to expand its truck and heavy equipment manufacturing through 3 quisitions and organic growth," it was seeking no more than a "limited partnership" for its car man-

In the truck industry, profit mar-gins are generally higher than in In recent months, the global auto cars, but the prospect of falling busi-

Both Ford Motor Co and Fiat SpA have been named as likely suitors for Volvo, which produced 360,000 cars and 83,000 heavy trucks last year.

Other wall reason betwee triggered us into have run into opposition from the acting," said Leif Johansson, the chief executive of Volvo, at a news and 83,000 heavy trucks last year. we nor Scania can just stand at the 45.5 percent of Scania stock and sidelines and watch

premium over Scania's closing stock elaborate. price Thursday. Volvo made no secret of its desire to buy more shares. "Our aim is absolutely to create a combination with Scania, Mr. Lorentzson said. Scania shares rose 34 kronor to 210 kronor bid for Scama. (\$26.73) on word of Volvo's bid, but Volvo shares, which had been lifted by merger speculation for weeks, fell 8.50 kronor to 211 kronor.

[The chairman and chief executive of Scania, Leif Oestling, bristled at the move, telling news agencies that it was "very close to a

[He said no advance negotiations

The bid, moreover, seemed to which said that Volvo's move had Volvo's pricing of its stake in made its planned disposal of Scama Scania represented a 16 percent shares "more difficult." It did not

Mr. Johansson said a merger with Scania would be "the main option" if Investor AB "is selling.

Some analysts said Volvo made its move to ward off a potential rival

Underlying Volvo's move is a calculation that, with the introduction this month of the single currency - in which Sweden did not participate — Europe has taken a further big step toward a single mar-ket that will leave little room for smaller players . "Once you have a single currency, a vehicle industry with six or seven players is looking ition — has been locked in a frenzy panies toward cost-saving consol- had been conducted with Scania crowded," Mr. Lawson said.

LVMH to Reveal Plans for Gucci

PARIS - LVMH Moet Hennessy Louis Vuitton SA was set to declare its intentions toward Greci Group NV in a filing with the U.S. Securities and Exchange Commission on Friday, according to a source familiar with the French luxury-goods concern's plans.

The source refused to elaborate on the filing, which could include plans for a full takeover of Gucci. LVMH on Wednesday raised its stake in the Italian fashion group to more than 14.5 percent hy buying a 9.5 percent stake from a privately held Italian fashion house, Prada.

LVMH, the maker of Louis Vuitton bags as well as Chris-tian Dior and Givenchy performes, paid \$70.50 a share for Prada's stake in Gucci. Analysts said the move seemed likely to presage a bid for a full takeover of Gucci.

Cedric Magnelia, an analyst at Credit Suisse First Boston, told Reuters that if LVMH were to make a bid for all of Gucci, any price above \$80 per share would make little financial sense.

Gucci shares rose 2.80 euros, to 62.80 (\$73.46) Friday; LVMH rose 11 euros, to 209.

Forecast for World Oil Use

PARIS - The International Energy Agency on Friday lowered its forecast for world oil demand this year, as weaker economies in Latin America combine with slow growth in Asia to signal a prolonged slump in prices.

The agency reduced its forecast of average oil consumption for 1999 to 75.0 million barrels a day, down from 75.6 million, its prediction a month ago. The new outlook is for a daily increase of 1.1 million barrels. or 1.5 percent, compared with 1.7 million barrels, or 2.4 percent, in the previous forecast

Brent crude oil prices have fallen almost 30 percent in the last year in London as weak Asian demand and rising global output created a glut. Any recovery in demand is unlikely until later this year, and the turmoil this week in Brazilian financial markets could further delay recovery Brent crude for February sold Fri-day in London at \$10.95 a barrel, down from \$11.18 on Thursday.

"The main reason for the revision is a downward reassessment of economic prospects generally, but par-ticularly in Asia," said Trevor Morgan, an analyst at the International Energy Agency. 'You will see some recovery, but it's likely to be later in the year and it won't be a sharp rebound."

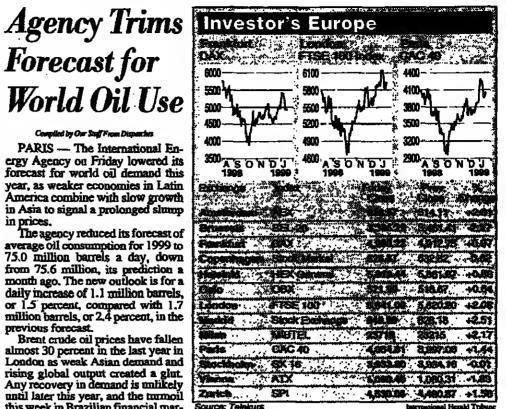
Members of the Organization of Petroleum Exporting Countries, or OPEC, pledged last year to cut ontput to help lift prices. But the OPEC countries made only 76 percent of the promised cuts in December, down from 78 percent in November. as Iran and Venezuela increased production, said Mike Wittner, an analyst at the International Energy

Hashemi Rafsanjani, the former president of Iran, called Friday for oil producers to reduce output by as much as 50 percent.

"The consumers are playing a dangerous game and producers are sitting idly doing nothing," he said during religious services at Tehran University.

"We can still do something to help the simution," Mr. Rafsanjani said. " It's a simple calculation: Let's cut supply by 20, 30, or 50 percent, whatever, to boost demand," he said.

He also said that OPEC, of which Iran is a member, "will have to secure the support of the major non-OPEC crude exporting countries, such as Russia, to succeed in such a goal (Bloomberg, AFP)



Very briefly:

 ABN-AMRO Holding NV said the U.S. Securities and Exchange Commission and the London Stock Exchange were investigating a series of unusual equity trades done by the bank in October.

• Finmeccanica SpA of Italy said a defense-electronics joint venture between General Electric Co. of Britain and its Alenia unit may be enlarged to include the French companies
Aerospatiale and Thomson-CSF.

 The European Commission has addressed a letter to banking associations urging them to make "every effort possible" to cut the cost of transferring money between the 11 countries participating in the euro.

· Austria's central bank chief, Klaus Liebscher, said it would be "technically possible" to introduce euro notes and coins earlier than scheduled. Notes and coins are to be introduced on Jan. 1, 2002 and will circulate alongside existing eurrencies until July 2002. Deputy Prime Minister Elio di Rupo of Belgium has called for the date to be moved up, but the European Commission has ruled out such a move.

• Dixons Group PLC, the largest British appliance retailer, is considering selling shares in its Internet service subsidiary, Freeserve. The free Internet service, which has more than 700,000 active users, has become the largest Internet provider in Britain, surging past America Online Inc.'s 500,000 subscribers in only four months of operation.

 DaumlerChrysler AG, the world's biggest truckmaker, said 1998 profit more than tripled in its commercial vehicles unit as strong demand in the United States and Europe led to record sales. Sales of commercial vehicles rose 17 percent, to \$27.6 hillion last year. The company did not give a profit figure.

• Dutch consumer prices fell 0.3 percent in December from November as falling energy prices dampened inflation. The decline put average inflation in the Netherlands at 2.0 percent in 1998, down from 2.2 percent in 1997.

• London International Group PLC, the world's No. 1 maker of condoms and owner of the Durex brand, plans to cut about 10 percent of its work force in Alabama and close its London headquarters to combat rising competition in surgical

dollar for their investment. Foreign arrears remain to state employees of MOSCOW — Russian bonds bondholders have said they are not regional administrations. The govwere traded Friday for the first time satisfied with the government's prosince the government defaulted in posal and are seeking better terms. August, as the central bank limited In an effort to signal to investors (Bloomberg, Reuters)

Russia Restarts Thin Bond Trading

yields to 120 percent — about their that it was making progress, the level of five months ago — to pre-Russian government said Friday vent prices from plummeting.
About 948,000 ruhles (\$43,000) that it was whittling down its debts in Treasury bonds known as OFZs

to state employees and pensioners. Pension arrears stand at 26.8 biltraded in the first hour. Prior to lion rubles, down from 35 billion August, when short-term securities ruhles in October, Deputy Prime known as GKOs traded along with Minister Valentina Matviyenko told

ionger-term OFZs, daily levels and decided hillion rubles.

The government also plans to read a company spokes-rubles last month and about 3 billion rubles (\$2.06 billion) last year. Still, the start of trading in new year, after transferring 500 million rubles (\$2.06 billion) last year. Still, the start of trading in new year, after transferring 500 million rubles (\$2.06 billion) last year. Still, the start of trading in new year, after transferring 500 million rubles (\$2.06 billion) last year. swapped for defaulted bonds - nev- rubles this month.

"The main task is to make sure ted on 281 billion rubles in bonds in doctors and teachers get their Russian accounting standards, wages," Ms. Matviyenko said in a speech to the lower house of Parpart in a restructuring plan that would liament. "This will help ease the social pressure" as the problem of Although the government said it wage and pension arrears is "very had received applications from acute

Ms. Matviyenko did not specify faulted bonds, officials have indic- bow much extra the government would be willing to send to the regions, many of which take more than half of all tax payments in have since seen their value tumble goods and services.

The Ministry of Finance said this week that it would pay off federal

■ Big Gazprom Loss Expected

OAO Gazprom, the largest natural gas producer in the world, probably will report a loss for 1998 of about \$2 billion after gas prices tumbled and the plunge of the ruble raised the cost of servicing foreign

that figure, calculated according to matches analysts' estimates. Gazprom reported a profit of 38.7

billion rubles for 1997

The company could report a loss of up to \$4 billion according to international accounting standards, said Stephen O'Sullivan, oil and gas analyst at United Financial Group. The company will discuss its results with analysts Wednesday.

The drop in gas prices has hurt Gazprom because it derived 38 percent of its sales from exports last year. And at home, the company has The planned restructuring returns wage arrears by the end of the been collecting only about two-investors just a few cents on the month while 13.8 billion rubles in thirds of payments owed to it.

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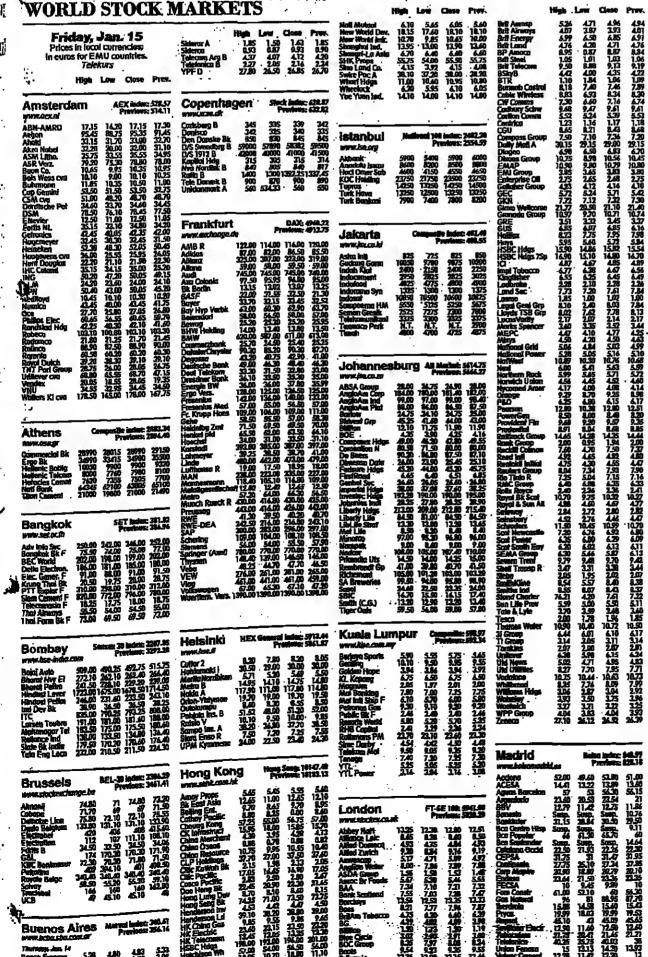
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WORLD STOCK MARKETS



AFP. Bloomberg gloves, its second-biggest product line. High Low Close Prev.

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ASIA/PACIFIC

Bankers Fear Failure of Another China Firm

Malaysia Finance Minister Gets Mixed Reviews

GUANGZHOU, China

China's next big corporate failure may come from the same city as its last one, as bankers lose patience with a second government finance firm in the southern province of Guangdong.

Foreign lenders — frustrated after being told they would have to fight in court to recoup \$4 billion owed by the provincial government's failed finance arm - are now trying to force its city-backed counterpart to pay its bills.

Creditors of Guangzhou International Trust & Investment Corp., known as Gzitic, are trying to force the company to repay \$35 million borrowed to finance a chemical plant. Gzitic said it needed help finding the cash.

"Hopefully, the government will take some action," said Jason Chan, an official in the company's finance

ance minister is a positive short-

term move that will ease the polit-

ital uncertainty that has been dog-

ging the country over the last few

But in the longer term, some analysts argue that Mr. Daim's appoint-

ment might have negative repercus-

sions - slowing down moves to-

ward greater transparency, spurring more company bailouts and delay-

ing the country's move toward re-

As finance minister from 1984 to

1991, Mr. Daim is credited with the

Continued from Page 9

. More important, the Chinese asset-

reanagement corporations apparently

will have little of the freedom en-

structuring corporations and banks.

mionths, analysts say.

of its last recession.

see no indication" of that

This scrimmage between Chinese borrowers and foreign lenders escalated Friday as 47 foreign commercial banks met in Hong Kong to plot a way to pressure the Chinese courts to give preference to sending a group opinion of the siminon yuan (\$1.26 billion) and total the foreign creditors of Guangdong ation to Chinese authorities, ac-International Trust & Investment Corp., known as GITIC.

GITIC, Communist China's biggest-ever corporate failure, appeared to have become the first case where foreign creditors would not be bailed out by the government when China said last week that the matter would be sent to the courts.

"We are looking at what can be done on a collective basis," said Lawrence Pau, an executive at BankAmerica Corp. who led the meeting. Citibank NA, Fuji Bank Ltd., Standard Chartered PLC, Commerzbank AG, Sumitomo Bank Ltd. and Warburg Dillon

named Mr. Daim as special minister

- SINGAPORE — The return of Daim Zainuddin as Maiaysia's fin-mining Mr. Anwar, who was also of the National Economic Activation

Analysts say Mr. Daim's re-emergence as finance minister fol-

lowing a cabinet shuffle on Jan. 8

has calmed some of the uncertainty

sparked by the dismissal and jailing

place the final piece of the puzzle and

removes the uncertainty" over who

was going to replace Mr. Anwar, said

Bhanu Baweja, regional economist

at Independent Economic Analysis

Malaysia is currently in the throes

product fell at an annual rate of 4.8

Stanley & Co. in Hong Kong.

They'll go out and arrest people and

expose some scandals, but they won't

be able to auction off the bad debt like

the RTC. It is actually very different.

"Daim's appointment puts in

serving as finance minister

of Mr. Ibrahim in September.

Holdings, known as IDEA.

effort that helped pull Malaysia out of a recession. Gross domestic

percent from January to June, and slons with the former depoty prime in 1998. Full-year GDP is expected

Minister Mahathir bin Mohamad to contract by more than 6 percent.

to talk to the Guangdong government," Mr. Pau said.

cording to the chairman of the association, Liu Jinbao.

GITIC's application for bankruptcy on Saturday, bankers said. Creditors were asked to attend that hearing.

Creditors are now trying to salvage what they can from Gzitic which is not related to GITIC before it suffers a similar fate, es-

tional company. Company officials department. "But to this point, we Read, a unit of UBS AG, were also said Gzitic was struggling to find low-market prices.

Mr. Daim's tenure may see

Mr. Daim is the executive director

The council made a series of re-

commendations in its National Eco-

nomic Recovery Plan to strengthen

economic fundamentals, recapital-

ize the banking sector and establish

rules to help weak industries and companies. Mr. Gale said the ap-

pointment of Mr. Daim could mean

Andy Kie, an analyst at Morgan the China Construction Bank. West- would not be allowed to do this.

em analysts said that corporation

would issue bonds, backed by the

Ministry of Finance, for the amount

of the debt. Then it would attempt to

of the council, a government body set up to help revive the economy.

Risk Consultancy.

of the National Economic Action latively slow pace of restructuring

Council, said Bruce Gale, regional and reform in Malaysia's corporate

manager of Political & Economic and banking sectors. By compar-

that ''government agencies that ability and transparency in corpor-were dragging their heels would be given notice to toe the line.'' Daim will go along with Ma-

could perpetuate Malaysia's repu-to cut off the links between politics tation for a lack of transparency in and business."

the bad debts held by the savings and ods and management skills from an

loans. Analysts said the Chinese as- area of the Chinese economy that is

at the meeting. "We're trying to cash needed to repay foreign debts come to a common consensus and worth "less than \$100 million."

According to the most recent financial information on Gzitic, The Hong Kong Association of from the end of 1997, the com-Banks said it was also looking at pany's total assets were 10.4 bil-

Bankers said the company's total debt now was likely to be A court in Guangzhou is hearing much higher, and raising cash to meet debt payments by selling off businesses is not easy.

Last weekend, a city court forced Gzitic to auction its stake in a local securities company to help repay \$6 million owed to another provincelevel trust company. According to pecially as a \$35 million loan bor-rowed to finance a chemical plant bidders, but the court ordered the assets transferred to the other cred-Last month, Gzitic failed to make itor anyway. That transfer wornes a \$5 million repayment on a letter of credit owed to a foreign multinathe company assets may be moved to other Chinese companies at be-

Analysts have chafed at the re-

ison, the speed of reform in South

investors and spurred a massive in-

towards restructuring in Malaysia,"

"We don't see the similar impetus

Chandra Muzaffar, a political sci-

entist at the University of Malaysia,

said it was unlikely that Mr. Daim

would share the market's overriding

concern with issues such as account-

Furthermore, unlike in South Korea and Thailand, where Western

firms were allowed to buy bad debt

- and thus pieces of local com-

flow of funds into the country.

said Mr. Baweja of IDEA.

Pakistan Sees Investor's Asia **Crisis Easing** As IMF Loan Is Approved

ISLAMABAD, Pakistan Pakistan said Friday that its ailing economy could start to recover after the executive board of the International Monetary Fund approved a

lifeline loan package for it.
The aid package had been frozen after Islamabad conducted a series of nuclear tests in May. Sartaj Aziz, who was finance minister when sanctions were imposed after the tests, said the \$575 million loan could mark a turning point for the battered economy.

"It's a very good development,"
Mr. Aziz said. "The sanctions,
which were imposed in May and which created a short-term financial crisis, will now begin to melt

In exchange, the government pledged to cut spending and raise some taxes to reduce the budget de-ficit. But Pakistan has said it would not devalue the rupee, raise income taxes or increase utility tariffs.

The government has about \$30 billion in foreign debt obligations this year, and last month it delayed repaying many creditors due to lack of funds. Fearing a Pakistani de-fault, the United States rolled back Korea has earned the approval of sanctions in December, clearing the way for the IMF to reach a new accord with the government for the resumption of lending.

The package approved Thursday in Washington will help the country meet its debt payments and shore up its foreign-currency reserves.

While the fresh money will help the country for now, some analysts said the aid would not do much for its long-term outlook. Most investors have been avoiding emer-Some analysts worry, however, hathir Mohamad's policies," he that Mr. Daim's economic policies said. 'I do not think Daim is willing ging markets, and Brazil's decision to allow its currency to float is adding a new element of uncertainty for investors

> Still, with the loan package and expected reforms, the IMF forecast last month that the Pakistani economy would expand 3 percent this year, slowing from the 5.3 percent growth expected for last year.

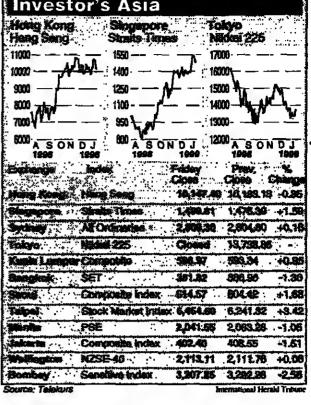
Pakistani stocks and the rupee have changed little in the last month on optimism that a IMF-led loan package would save the country collect bad loans. Resolution Trust panies — no Western firms will be also issued bonds, but its prime permitted to take part in this process, activity was finding a market to sell blocking Western accounting methfrom default. News of the IMF loan will boost stocks Monday, analysts said. The market was closed on Friday, a holiday.

The release of funds from the IMF would help build up the conexecutive of Arif Habib Securities and former president of the Karachi Stock Exchange. Now that the IMF has reopened

lending to Pakistan, the World Bank and the Asian Development Bank said that they would also be able to lend again. IMF approval is a prerequisite for their loans.

The World Bank is considering a \$250 million loan to belo Pakistan

(Reuters, Bloomberg)



Very briefly:

• Cho Hung Bank's turnaround plan, which calls for about \$2 billion in government aid to help it merge with Kangwon Bank Ltd. and Hyundai International Merchant Bank, has been approved by the government. It will create the nation's third-largest lender.

• The liquidators of Peregrine Investment Holdings Ltd., the failed Hong Kong investment bank, have sold Peregrine's 61.44 percent stake in its Taiwan operation to the local management team. Primasia International Holdings Ltd., associated with the management of Peregrine Securities (Taiwan) Ltd., bought the stake for an undisclosed sum.

Rio Tinto Ltd., the world's largest mining company, and Broken Hill Proprietary Co. of Australia have put on hold copper and gold projects worth \$1.2 billion, as commodity prices sink to their lowest level in more than two decades.

· Royal Bank of Canada, the country's largest bank in terms of market value, is to close its branches in Shanghai, Hong Kong, Taiwan and Thailand by the middle of the year and cut

 India's government is to sell a 5 percent stake in Videsh Sanchar Nigam Ltd., the international phone company, to local and foreign investors as it tries to bridge its fiscal deficit. The government owns 64 percent of the company.

· City Telecom (H.K.) Ltd. said it would guarantee that its international telephone rates would always be 5 percent lower than any of its competitors in Hong Kong after New T&T cut its rates paid by business customers by up to 37 percent.

 China's total of registered Internet users grew by 900,000 last year to reach 1.5 million, the official Xinhua press agency

 HSBC Holdings PLC said it was in talks with BankAmerica Corp. to buy the U.S. bank's consumer banking and credit Bloomberg, AFP card businesses in Taiwan.

set-management corporations vastly in need of major reform. SPAIN: 2 Big Banks to Combine, Vaulting Them Into the Top Tier of Europe

EHINA: Beijing Set to Establish Corporations to Take On Banks' Bad Loans

Continued from Page 1

Amusategui retires in 2002, when more aggressive than others in Mr. Botin will assume sole control.

Santander will widen its lead in
Spanish banking, a sharp change from the early 1980s when it was

Lynch in London. "I think he will arriong the smallest of the major try to buy banks in Italy and France Spanish banks. The combined entity will dwarf the 2,800-branch retail network of Banco Bilbao Vizcaya after cutting about 10,000 jobs, a Rato, vowed vigilance to ensure that European financial services.

... ACROSS

89 Tree thicket

joyed by the Resolution Trust Corp. to sell off the bad loans of the defunct It is a micro-solution. It is not a macro-solution like the RTC." savings and loans.
The first asset-management
poration will be set up to deal with
the debt-collection work forces; said
more than \$30 billion of debt held by

to create a pan-European bank."

Banco Central comes to the deal

SA, the No. 2 bank in Spain. third of its work force, since 1991, the planned acquisition would be in when Banco Central merged with line with Spain's competition rules,

sion suspended trading Friday of the shares of Santander and Banco
Central. But shares of other Spanish banks rose, sending the benchmark

in various economic sectors.

A spokesman for Banco Bilbao requisite for their loans.

Vizcaya called the planned merger the world Bank is considering a considering and considering a considering a considering a considering a considering a considering and considering a considering a considering and considering a considering and considering a considering a considering and considering a consider index up 3.14 percent in Madrid.

third of its work force, since 1991, the planned acquisition would be in Banco Hispano Americano. but the conservative government has long encouraged consolidation

dex up 3.14 percent in Madrid. supported the bank's assumption that overhaul the banking system, its tax the Economy Minister, Rodrigo the euro would spur consolidation in administration and public utilities.

CHRIST CHURCH (ROYAT)

1st & 3rd Sun. 5 p.m. ave Dr Jean-Heliz, [Fample Reformer] 33 04 73 38 41 59

AIG Considers Taking a Stake IMF would help build up the confidence of both the local and foreign In Taiwan's Flagship Airline

Bloomberg News

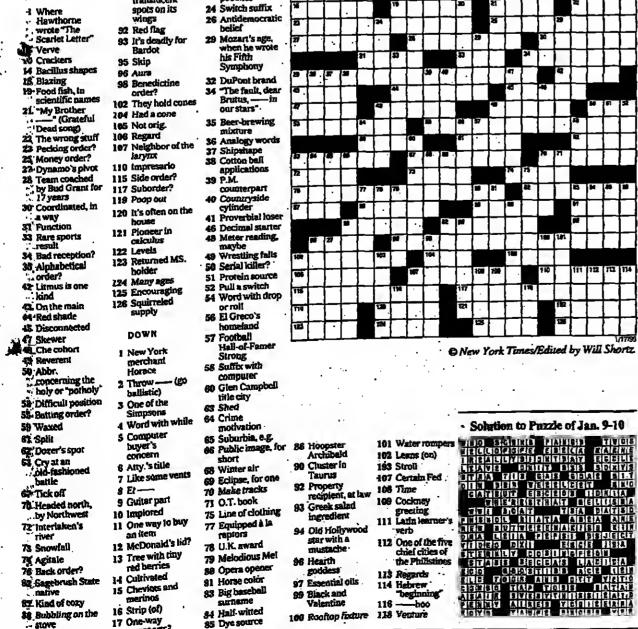
TAIPEI — American International Group Inc., the largest publicly traded U.S. insurer, said Friday it would consider an investment in China Airlines, Taiwan's flag carrier.

Chairman Maurice Greenberg will meet Saturday in Taipei with bankers who want AIG to join in a bid for a 36 percent stake in the airline to be sold by the Taiwan government, said Stephen Tsuei, executive director of AIG Investment Corp. in Hong Kong. The bid would be led by China Development Bank, the

investment arm of Taiwan's ruling Nationalist party.

Mr. Tsuci said China Airlines shares would sell at a "significant premium" to book value, which is about 20 Taiwan dollars (62 U.S. cents). The shares closed Friday at

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Residential Real Estate every Friday in The Intermarket

RELIGIOUS SERVICES DARMSTADT (GERMANY) FRANKFURT FLORENCE AMSTERDAM INTERNATIONAL CHRISTIAN FEL-LOSHIP, Ev.-Frelkinchliche Gemeinde, Sodeneser. 11-18, 83130 Bad Homburg. Sunday Worship, Nursery & SS: 11:20 am. Mid-week ministries, Pestor M. Levoy. Califfer: 05173-62728 CROSSROADS INTERNATIONAL ST JAMES' CHURCH, Sun. 9 & 11 a.m. Via Bernesto Rucellel 9, 50123 Florence, flaly. Tet: 38 0 55 294 417 VIGLICAN EPISCOPAL CHURCH CHURCH Interdence beatons & Brangs-tral Sunday Service 1000 a.m. & 11.30 a.m. / Ritis Welcome. Decusestest 3, 8. Amsterdam. Info. 020-841 8812 or 2nd 8 4th Sun, 4 p.m. in Gameindehaus, Drollatigkeliskische, Dermstadl-Eberstadt. Tat: 49 (t) 5151.146794 MGOLSTADT (GERMANY) ST PAUL'S WITHIN THE WALLS, Sun. Sucrement 8:30 & 10:30 a.m., Eucharini in Spenish 1 pm. Via Napoli 58, 00:64. Tel: 39 (65 485 5339 or 474 5568 HOLLAND AMGLICAN EPISCOPAL CHURCH, 4th Sun, 6 p.m. in Dreieinigkeitskirche, Barr-Ebenhumen. Tet: 48 (7) 8421,4125 BERLIN Int'l Church (Personical) Sun-day services: 10:30 am, Holel Mondial, Kurkustendarm 47. Pastor H. Passonac. Tot. +45 (0)30-34 70 91 76, www.berlina Christ centered fellowship. Services 9:00 and 10:30 a.m. Bicercomplean 54. EUROPEAN BAPTIST CONVENTION CARLSRUHE (GERMANY) NICE - FRANCE ANGLICAM EPISCOPAL COMMUNITY 1st and 3rd Sunday 5 p.m. to chapel of Laisenfelm, Kochetr 2-4. Tet: 49 (0) 721 263 79 or 49 (0) 721 49 15 39 FRANKFURT BERLIN LB.C., 13 rue Vernier, English service. Sunday evening 18:30, postor Roy Miller - Tel: (04 93) 24 92 61 St Leonhard, International Catholic Parish, Alle Mainzer Gases 8, 60311 (near Homer), Masses in English Satur-day 5.U.m., Sonder: 10 a.m. Telfact 069-263177 or J. Schol@erufresidat-LB.C. BERLIN. Rothenburg Str 13, (Steglitz). Sunday Bible Study 10.45, worship Service 12 noon. Charles War-fold Pasteur. Tat 030-774-4670 BRUCKMUEHL (GERMANY) ST PAUL DE VENCE - FRANCE ANGLICAN-EPISCOPAL COMMUNETY, meets at Ev. Lutheren Johannestärche, 1st Sun. 11 except August. Adalbert-Süller-Sir 2, 83052. Tat. 49 (0) 80245415 St Paul de Vence-France LB.C Espace St Claire Level "0" Sible Study Sun 9:30 Worship Sun 10:45Tel 04 93 24 92 61 BRATISLAVA - SLOVAKIA PARIS and SUBURBS E-MANUEL BAPTIST CHURCH 55, no des Boss-Palacus. 82500 Russi Malmeison. Services 2.45 a.m. & 11 a.m. with Sunday Statol, For Into Tel: 01 47 51 29 6801 47 49 15 29 or http://www.gao-clies.com/Paris/metro/1322 http://www.gao-clies.com/Paris/metro/1323 bartratifical Baptist Fallowship meeting at 48 no de Lile, Paris 7th. 1830 Sundays. Call above for Web. PRAGUE MUNICH CHURCH OF THE ASCENSION, Sun. Euchtarist 9 & 11.45 am (Sun School/ Nursay) Seybothstr 4, 81545 Munich (Harlaching), Tot. 48 (0) 89648185 LB. FELLOWSHIP. Vinobradska # 68. BREMEN LB.C., Hohenloheatr. Hermann-Bose-Str Worship Sun. 17:00, Pastor (elephone: 0421-78548 ZURICH - ŚWITZERLAND HOPE INTERNATIONAL CHURCH Hotel Orion at Paris La Defense, B Ed de Neutly, Worship Sundays 1000 a.m. Rev Fraderic Heavy, Pessix T. 01 43 33 04 06 Metro 1 to La Defense Explanado LR.C. oi Zurich, Gheestrasse 31, 8803 Ruschläten, Worship Services Sunday mornings 10:30 Tet 1-4810018 FRANKFURT CHRIST THE KING Eucharia Sun 8 411 Sunday School Hursey 10:45 Sabastan Pinz Sr 22 60323 Frankfurt, Ger. U1,2,3 BUCHAREST ASSOCIATION OF INT'L CHURCHES SABIT JOSEPH'S CHURCH (Roman Cartosit), MASS R ENGLISH, Sal. 11:00 a.m., 6:30 p.m.; Sun. 9:456.11; a.m.; 72:15 & 6:30 p.m., Mon.-Fit. 8:00 a.m.; 50 are Hothe, Parts Bh. Tet. 01 (2. 27 28:55. Melec: Charles de Gaulle - Skolle LB.C., S. Xecopol or. 2. This is next to Gadina located 11:45-13:15 Tet Pastor SR Bowers Tel 330-0273(321-3472 WESBADEN GENEVA BUDAPEST ST AUGUSTINE OF CANTERBURY EV. LITHERAN CHURCH 20 his Ver-THE EPISCOPAL CHURCHES OF EUROPE (Anglicon) Son. 10 a.m., Frankfurier Str. 3, 65189 Westneten, Tet: 49 (3) 811306674 daine, Sunday worship 9:30 in German 11:00 in English, Tet (022) 310:50:89 LB.C., meets at Mortes Zsigmond Gkraszkust. Tombogz at 49-54, Sun. 10:00 Tet: 246-1613 GENEVA PARIS PARIS BULGARIA EMEANUEL CHURCH 1st & 3rd Sun 10 a.m. Eucharist; 2nd & 4th Sun Monting Prayer, 3 ma de Monthoux, 1201 Gene-va, Switzerland, Yel. 41 (0) 22 732 80 78 THE AMERICAN CATHEOPAL OF THE HOLY TRINTY, Sun. Eucrasis 9 & 11, on Iracesis sun. 18h00, 23 av George V, 75008 Paris. Tel 33 01 SS 23 84 00 11:00 a.m. 65 Qual d'Orsey. Parts 7th, Bus 63 at cloor, Metro Alma-Marcasa or Invalidas LB.C., World Trade Center 36, Drahan Tzankov Shvi. Worshap 11:00 James Duke Pastor. Tel: 971 - 2152 BRUSSELS/WATERLOO ZURICH DARMSTADT - GERMANY CLERMONT-FD (FRANCE) INTERPRATIONAL Protestant Church English speaking, worship service, Sur-chy School & Numery, Sundays 11:30am Schoolzangess 25. Tet (01) 262:525 ALL SANTS' CHURCH, Sun. 11:15 am. (Sun. School), tel Sun. Seen., 553 Cheu-see de Lourain, Chain. O: 81 r Coleno, 14:19 Waterlio. Tel: 32 (0) 2 364 3558

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The 150 most traded stocks of the day, up to the closing on Wall Street. Soles High Low Lated Cinge 我我一场好去找不在一些一个的孩子一不能不是不好的我的我一样一个不好我的一天我的我 High Low Stock Div Yid PE 1005 High Low Lotest Cirgo

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QOR MOST people, investing is than \$5 or its equivalent serious business, a way to ensure that when the time comes, their assets will be sufficient for a comfortable retirement.

Many are uncomfortable with the notion of managing their money or feel that their time is better spent earning it. These people turn their financial affairs over to investment professionals. Of the rest, there are some

of the rest. there are some do-it-yourselfers who do not trust anybody with their money and sternty manage their own fortunes. Then there are those who like the world of stocks and bonds, dividend checks and pricelearnings ratios.

For this last group, we offer this week's section on penny stocks, by

These are not the kind of stocks likely to be found in a portfolio managed by somebody with fiduciary responsibilities. Few analysts know about them, let alone follow them. They do not meet the listing requirements of the main exchanges and they usually

trade at low prices for a reason. But they have at least one thing

week's section on penny stocks, by lottery, we offer the following recre-which we mean shares trading for less ational ideas.



Low Prices but Few Deals in Japan

Picking Through a Slumping Market's Abundance of Penny Stocks

By Miki Tanikawa

ENNY STOCKS abound in the Japanese market, which has spent most of this decade in the doldrums. More than 1,100 of the 3,000 or so issues listed on the Tokyo Stock Exchange trade below 500 yen (\$4.40). .Venerable Japanese brand-

name companies such as Nis-san Motor Co., Isuzu Motors Ltd. and Mitsubishi Electric Cosp. can now be had for 397, and 330 yen, respectively, Even less-than-a-dollar

stocks are oot a rare commodity in Tokyo. There are more than 100, and they are often found in the construction and financial sectors. "There are a lot of stocks

like that, and some of them started to go bust," said Gary Evans, strategist for HSBC Securities Iapan Limited.
"They are low-priced for a very good reason," he added.

'So, for the more serious investors, the concern would be to seek out companies both, one whose stock may be currently . spects. low because of an impermanent, cir.

Tadashi Ohta, an analyst at Jardine Fleming Securities (Asia) Ltd., said Ube-Nitto Kasei Co., a synthetic-fiber and resin-product maker on the second section of the Tokyo Stock Exchange,

fulfills both criteria. A joint venture between Ube Industries Ltd. and Nitto Boseki Co., Ube-Nitto Kasei's division that makes fiberoptic materials holds promise for the stock, of which more than 60 percent is

owned by the two corporate parents.

The company produces spiral compose and tension members, line materials around which optical fibers are

wrapped.
Mr. Ohta said the company only needed to wait for Nippoo Telegraph & Telephone Co., the dominant Japanese telecom carrier, to carry out its plan to invest in fiber optics.
Ube-Nitto Kasei holds about 70 per-

ceot of the market for these products. Two other major players, Toyo Industries Ltd., which command market shares of 10 percent and 9 percent, respectively, are licensees of Ube-Nitto Kasei's technology, and its patent is good for five more years.

Mr. Ohta said there was not much

chance of new competition, foreign or domestic, taking hold in the sector. The Japanese market is too small for a new rival to try to emerge, and NTT uses slot-type fiber communications materials, oot the nonslot type that is common in most of the industrialized world. Ube-Nitto Kasei's shares took a beat-

ing, spiraling down from a plateau of 1,100 yea, which lasted from early 1996 until mid-1997, to the current 375 yen, as the company's sales in fiber-related materials fell.

The drop reflected a slowdown in investment by NTT, which is reorganizing its cor-porate structure, but Mr. Ohta said the spending would eventually pick op.

Jardine Fleming predicts
that NTT, which plans to
make all of its phone lines

fiber-optic, has yet to replace 80 percent of the existing lines connecting telephone exchanges and individual homes.

Tetsuya Furumoto, small-cap analyst at Salomon Smith Barney (Japan) Ltd., cited Koken Kogyo Boring Machine Co. as another stock that has been with solid growth or good value, or - severely beaten and that has good pro-

> As a construction-related stock, Koken failed to escape the severe downturn that occurred amid rising concern for credit risks in the Japanese construction industry.

Bot the manufacturer of boring equipment boasts an invention that few in the world can emulate: a doublebitted "arrow" drill. Mr. Furumoto said that not

only does it significantly reduce digging times, but with two bits revolving simultan-eously — one inside a larger, ring-shaped bit - the drill is

suited for digging ground that is either extremely hard or delicate.

HE STOCK'S initial public of-fering price of about 4,000 year may have been too lofty, Mr. Furumoto said, but its current price of 320 yen - just 40 percent of book value is, in his estimation, too cheap.

The demand for Koken's drills has so

far not been as high as it should be, Mr. Furumoto said, because Japanese builders have not been keen to reduce costs that might depress prices of building contracts, which have been artificially

Growing public awareness of waste-ful spending on public works is prompt-ing the commissioning entities to closely monitor costs, which is likely to generate demand for cost-cutting equip-ment like Koken's, Mr. Furumoto said.

Another company with a unique strength is Chacott Co., he said. Chacott makes and sells dance wear and related goods, and is the only com-pany of its kind listed in Japan.

In a slumped economy, exposure in the luxury apparel world is a negative, which is parify why the stock is weakly priced at about 420 yen, a price barely over its book value, analysts said.

BUT CHACOTT is a dominant player in social dance and ballet clothing. Price pressure is mild, and the tend-

ency for repeated purchases of dance outfits, a lack of seasonal downturns and average purchases of about 10,000 ven per customer have helped Chacott stay profitable, Mr. Furumoto said.

Chacott's products are specialty items, used regularly hy those need them and ignored by those who don't, which gives the business a stability that other clothing makers would not necessarily enjoy, said Masumi Ohishi, an analyst who follows small-cap retail.

> A demographic and social trend is also in Chacott's fa-vor. Analysts said that as the Iapanese population ages, more people would take up gracious post-retirement activities like social dancing.

> Young people are taking note, too: A Japanese movie about dancing called "Shall We Dance?" became o box office hit.

"What has been a rather limited market might now grow into a mass-based
"Ms. Ohishi said. one," Ms. Ohism said.
This trend is already tangible, ana-

lysts say, although evidence is so far more anecdotal than statistical due to lack of comprehensive data. With the company's efforts to im-

prove sales channels in place - rather than piggy-backing on large retail distributors like department stores, it is seeking to sell more through its own stores, which would ensure higher profitability - Mr. Furumoto of Salomon. Smith Barney expects Chacotr's pretax profits to grow about 11 percent an-

Rags to Riches: Betting on Pennies With Help From Words in the Know

By Judith Rehak

shares for a pittance in an undiscovered company and reaping mega-profits when its true value surfaces and drives the price sky-high? Such is the enduring attraction of penny stocks, those unloved, overlooked and beat-up companies that just might turn into big winners — or losers. If the idea of investing in this high-risk arena is tempting but also makes you queasy, yoo might first consider a penny-stock newsletter.

on them, a crucial point since information on these com-can be difficult to find.

based in Newport News, Virginia, and looks at only at companies trading at \$3 a share or less. Max Bowser, the editor, said he eliminates about

75 percent of the penny universe on the first cut because of "inadequate balance sheets."
"From there, it's pretty subjective," he added.
He talks with company management, looking at issues such as whether it is in a husiness that will

flourish and expand.

Last year, "oot a sensational one for microcaps," he admitted, illustrates the promise and pitfalls of penny stocks. A winning pick was Gentner Communications Inc., recommended at \$1 a share and now at about \$4.50. His higgest disappointment was Itex Corp., a company in the barter business that got into trouble with regulators, was delisted

To come oot ahead, he suggests diversifying among 12 to 18 companies. Statistically, most winners never get above \$6 to \$10 a share, he said, so if all goes as hoped and a stock

companies that have fallen on hard times. Its most aggressive portfolio owns companies that trade below \$6, including socalled fallen angels and companies coming out of bankruptcy firms for Ichiyoshi Security that its editor, George Putnam, thinks, stand a good chance of bouncing back. One of the most positive signs of recovery, he

said, is new management coming in.

"Very often, the management that got them into trouble can't get them out of trouble," he said.

An example is Graham Field Health Products, one of Mr.

Putnam's top picks right now. The company's share price has slumped from to about \$3 from \$19 in 1998. "They went oo an acquisition spree, and lost control of the business, but they've hrought in a new chief operating officer

who has them back to basics," he said.

On the downside, what looked like a positive recovery from

and they had hig losses, "Mr. Putnam said. The group has been taken over by a competitor.

Mr. Putnam agreed that owning a basket of stocks diminishes risk, but in his opinion, 8 to 10 will suffice.

"One or two will be spectacular winners, two or three will be modest losers, and two or three big losers, but the big winners will overcome all," he said.

While the United States is clearly the home of penny stocks,

Britain also has a thriving sector of small companies, which trade at even lower prices on the Alternative Investment Market, and Ofex, an exchange that deals in unlisted shares. Two British-based newsletters that follow these companies from different perspectives are the Penny Share Guide and o new arrival, Red-Hot Penny Shares.

Shares of small British companies were hammered last year, but Maggie Drummond, editor of the Penny Share Guide, sees better times ahead.

their dividends, so you doo't have to get too speculative to get some good buys," she said. "The other thing is we're just beginning to see big financial institutions feel pangs of conscience about how they have ignored mini-stocks. That's good because the big boys are taking an interest." One thing that piques Ms. Drummond's interest io a company is when z well-known investor takes a major stake. One of her tips for 1999, at a minuscule 23 pence, is Carlisle Holdings Ltd., a company in which Michael Asheroft, a controversial investor who has made a fortune in undervalued companies and is the new treasurer of the Conservative Party.

service concerns, but "they also have a property portfolio which is quite interesting," Ms. Drummond said.

Like Mr. Putnam, she looks for oew management that can

signal better times for a troubled company, or one with o well-known brand name that has stagnated. "I'm look-

ing for action, one way or another," she said. To hold down risk, Ms. Drummond suggests a

stop-loss strategy that places sell orders at 20 to 30 percent below the purchase price of a stock. If the

shares increase in value, the sell price is moved up.

ferent tastes. Investors who find the idea of privileged information appealing might check in with Tom Winnifrith, editor of Red Hot Penny Shares, a

new British newsletter that claims to be "your

direct line to 'insider' City share tips."

Mr. Winnifrith makes the case for his picks in a

chatty style. In a recent issue, he recounted a meet-

ing in 'a private cloh round the corner from the Bank of England' with David Jackson, chairman of

the Peterbouse Group PLC, a constructioo com-pany. A Winnifrith favorite for 1999, Peterbouse is trading at

about 111 pence. Hc also likes Moorepay Group PLC, a

Although penny shares have plenty of risks, Mr. Winnifrith seems to think investors are in equal jeopardy from journalists. Uoder the captioo, "Warning, Iournalists can't spot good investments — beware the newspaper "Tip of the

Year'," he contended that few journalists had any training in

basic accountancy skills or simple investment analysis, and

"in the main, tend to base their picks oo "hunches, lunches

year out, my tips of the year have risen (last year out-performing by 20 percent) because I use the same proven principles every mooth."

As for his brand of advice, Mr. Winnifrith said, "Year in,

payroll-services provider, at 240 pence.

(with PR men) and guesswork."

For further information:

Like any investors, penny-stock fans have dif-

HAT INVESTOR HAS not dreamed of buying companies and is the new treasurer of the Conservative Party. has taken o stake. Carlisle has been acquiring personnel

These publications are not guaranteed to make you a millionaire (if they claim to, avoid them), but the best can be helpful. Not only do they make stock picks, but they keep tabs

One of the longest-running penny-stock news-letters is the 23-year-old Bowser Report, which is

"For example, suppose it's in supermarkets, but it won't build any more," Mr. Bowser said. "They'll make a good living, but they won't grow."

Mr. Bowser comes up with a new pick each month. His December pick, at \$2.25, was Millbrook Press Inc., a children's book publisher now trading above \$4.

from the Nasdaq exchange and plunged to 75 cents from \$4.
"We won't argue that these stocks are risky," he said.

donbles, his strategy is to sell half the holding.

"Now you've got your stake back and you're operating oo the other goy's money," he said. "If it falls back more than 25 percent, sell the rest."

If the shares never take off, or head south, he tells readers

In a more focused approach to penny stocks, the Boston-based Turnaround Letter looks exclusively at once-healthy

bankruptcy, Hills Department Stores, fell apart last summer.
"I thought they had their problems solved, but sales fell

"There are good companies that will meet and increase

THE BOWSER REPORT. Telephone: 1 757 877 5979. E-mail: MiniStocks@not.com. Subscription prior: \$48.a year, Mr. Bowser sho offers a book, "Making Dollars with Pennics," and "The Bowser Directory of Small Stocks," And "The Rowser Directory of Small Stocks," ATHE PENNY SHARE GUIDE, Telephone: In Britain, 050 088 0090, or from outside Britain, 44 171 447 4040, Subscription prior: £29 for the fast year, £59.50 thereafter. RED HOTPENNY SHARES, Telephone: 44 171 447 4040, Subscription prior: £27 for the fast year. year, £57 thereafter, • THE TURNAROUND LETTER, Telephone; toll-free in the United States, 1 800 468 3810, or canaide the United States, 1 617 573 9550. Subscription proce \$195 a year. Subscribe and SAVE up to 53% off the cover price. Also available: PAY MONTHLY by easy, low cost, direct debit. HAND DELIVERY IN CENTRAL & GREATER LONDON & PARTS OF THE SOUTH EAST. Herald Eribune For more information about easy ordering and availability of hand delivery CALL our Subscriber Customer Service Department: TOLL FREE: 00800 4 448 7827 (008004 IHT SUBS) or Fax: +44-0171 240 34 17 E-mail: subs@iht.com Internet: http://www.iht.com PAYMENT BY MONTHLY DIRECT DEBIT YES, I'd like to subscribe and have my bank account debited monthly by £19. Please start my subscription and send me a bank form to arrange my payment. PAYMENT BY CHECK OR CREDIT C YES, I'd like to subscribe and pay for the following term [] 12 months (+ 2 months free): £233 (Saving off cover price: 36%) [] Special, 2-month trial subscription: £24 (Saving off cover price: 53%) ☐ My check is enclosed (payable to the IHT) ☐ Charge my: ☐ Access ☐ Amex ☐ Diners ☐ Eurocard ☐ MasterCard ☐ Visa Credit card charges will be made in French Francs at current exchange rates. Family Name:_____

A Mixed Bag of Top Picks Culled From the Experts' Picks ACH JANUARY, 1 have since the S&P is weighted by capoffered readers a list of 10 stocks to consider colling

stocks to consider, calling selections from choices of analysts whose opinions I value. For the first three years, the lists remmed the same as Standard & too many stocks based on value Poor's 500 Stock Index. Bot not last year. Our 10 stocks

figures are for the year that ended do not believe in wednesday.) That knocked our owning stocks for four-year average down to 26.6 only a year, so conpercent (still awfully nice) against sider these shares the S&P's incredible 30.6 percent. What happened? The short another is that the S&P does not tell other analysts — although, in swer is that the S&P does not tell swer is that the S&P does not tell other analysis and the one who the average stock.

The whole story for 1998. Jeffrey the whole story for 1998. Jeffrey made the specific choice from a specific choice from a large stock. Warantz and John Manley Jr. of

well while other stocks ranged from mediocre to terrible. The Salomon researchers found that stocks with market capitalizations of more than \$20 billioo increased in price by 26 percent in 1998 while mid-caps (valued at \$2 guarantees. billion to \$5 billion) fell 6 percent and the smallest stocks (under \$250

our list contained none) did very

million) fell 24 percent. " "If your portfolio trailed the they wrote, 'you still managed to outperform 72 percent of all the outperform 72 percent of all the common stocks you could have chosen." Indeed, 86 percent of active money managers failed to beat

the broad market average. good? The big guys soared, and, world of copper wire to cable.

rather than growth. This year, the list is better bal-

pared with 31.6 percent for the S&P are 1999 picks, with the usual Bethlebelm is trading near book a stable portfolio is Fannie Mae, warnings: First, I

made the specific choice from a Salomon Smith Barney Inc. noted larger list of stocks held or recommended by each. But this is not my that very hig U.S. stocks (of which own 10-best list, and, under The Washington Post's conflict-of-interest rules, I cannot own individual stocks. Third, Don't run out and huy the whole portfolio. Instead,

use the ideas as a starting point for

your own research. Fourth, no

America Online Inc. William Miller of Legg Mason Value Trust a mere 7, based on its Friday after the top U.S. fund manager of ternoon price of \$17.75. 1998. At year-end, he had two huge holdings. Dell Computer Corp. tent. The question is whether AOL Why did the averages look so can make the transition from a

ulator, the best stock-picking newsletter in the business, recommends
U.S. steel companies despite competition from cheap imports. "In
including the business, recommends

Federal National Mortgage Association. For high return and low a 70 percent share of a growing risk, it is hard to beat Jim Gipson's market, and it is now making booster

petition from cheap imports. "In-dustry conditions," he writes, "are not as dire as one might believe, given recent steelmaker rhetroic and

owning stocks for JAMESK. GLASSMAN ON INVESTING

small-cap specialist who heads Oak Forest Investment Management in Bethesda, Maryland, likes Escalade. The company has two highly profitable businesses: It makes and sells office products like check signers and letter openers (\$30 million in sales) and sporting goods like archery equipment (\$70 million). Mr. einstein predicted earnings of 2.50 this year, which puts the P/E at

Envoy Corp. This small company (market cap: \$1.1 billion) provides an increasingly important service. Its network tells doctors' offices about the insurance cligibility of patients. Envoy offers other cessing services, too, and its profits of 7.77 this year for a forwardare growing swiftly. Envoy is the looking P/E of 23, which is modest profits at 25 percent o year.

No. 2 holding of Phil Trieck's for a computer stock.

One of the profits at 25 percent o year.

Washington Past Service data-exchange and transaction-pro-

Bethlehem Steel Corp. Al Transamerica Premier Aggressive Frank, editor of The Prudent Spec-Growth Fund, which returned 84 percent last year.

Clipper Fund, a large-cap value fund that has had a five-star rating from Morningstar for 10 years. One

millions of Americans by huying mortvalue (net worth on its balance institutions, holding them or pack-sheet) with a price-to-camines ratio sheet) with a price-to-carnings ratio aging and selling them to investors. of just 8, or less than one-third at of Fannie remains a phenomenon, increasing its earnings and dividend

by 15 percent nearly every year. General Electric Co. If you don't own GE, get some. That is the advice of Merrill Lynch & Co., which recently published its "Collective Wisdom Portfolio" — 15 U.S. stocks for 1999. GE is probably the best company in the world, which is a good reason to own it. But I am particularly enamored of the dividend, which grows by about one-seventh every year, meaning that it doubles every five.

International Business Machines Inc. Thomas Kraemer, one of the Morgan Stanley Dean Witter & Co.,'s technology analysts, is enamored of IBM, saying that it "currently enjoys the strongest fundamental position in the past decade. Mr. Kraemer predicts earnings

Koala Corp. Koala makes those diaper-changing stations at public restrooms around the globe. With seats, car seats and play equipment.
Profits are growing at more than 25
percent annually with margins in the
upper-teens. All six analysts who follow the stock call it a "buy," and Forbes has put Koala on its list of the 200 best small companies in America for the past three years. The stock was recommended by Ed Elfenbein. editor of Microcap Digest Nestlé SA: The managers of

Tweedy, Browne Global Valor Fund like Nestlé SA, the consumer packaged goods company, with a market cap of \$107 billion and factories in 77 countries. Nestlé stands to gain as the world cats better. It is a well-managed company with a rising dividend. Safeskin Corp. This is a com-

pany that makes disposable latex gloves for physicians, scientists and dentists. The stock is down more than half from its July high despite a soaring revenues. What's the problem? Timothy Vick, editor of Today's Value Investor, notes that analysts worry about cost-cutting by hospitals and about "the company's ability to manage inventories and receivables during

this rapid buildup phase."
Still, Mr. Vick loves the stock. He sees Safeskin as a takeover candidate with a relatively low P/E -

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'Boring' Utilities? **Not in Hungary**

In weeks like the one just past, boring utilities stocks definitely have their attrac-

One that "isn't even bor-Alexander Kazbegi, an analyst with Salomon Smith Barney in London, is Demasz Rt., a Hungarian electric dis-

Shares of Demasz, which trade on the Budapest Stock

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Exchange, and as Global Depositary Receipts in London, are quite liquid, Mr. Kazbegi

"It's really a turnaround story," said Mr. Kazbegi, a buy rating on the rival who expects the privatized utility to post profits for the ing yet," in the opinion of first time for the 1998 calendar year. Demasz has several things in its favor, according to the analyst.

through cost-cutting program, with considerably more to 80.

• Its customer base is stable and heavily residential, which allows it to raise prices,

if they wish. • It will pay a healthy dividend that Mr. Kazbegi esperb value" in his opinion. timated at 80 cents per GDR

common share. Mr. Kazbegi has 12-month price target of \$19.40 for the GDRs. (IHT)

Alliance Funds Trump S&P 500

Few American money managers managed to come close, let alone beat, the 29 percent gain of the Standard & electronically. By this, I mean Poor's 500 last year, leading many to question wby they should entrust their money to stock pickers when index DAX Web site seeking informfunds were doing so well. Al- ation on such a service, liance Capital Management without much success. An ex-LP, however, had several equity funds that did better.

lts \$6.9 billion Alliance Premiere Growth Fund returned a sizzling 49.31 per-cent, while the Alliance Growth Fund nudged the S&P with a 28 percent return. Sevthan 10 percentage points in December, according to analyst Guy Moszkowski of Saexpensive. To buy lomon Smith Barney, who has

money manager's stock. In a report last week, he noted that through August, the New York-based Alliance had increased its market share performance in the fourth fee, which at ConSors is 0.075 having "fascinating prospects."

quarter of 1998 will add to percent per year.

"Minmet has been around for a num-

these share gains," he said. in contrast to relying on big price target for Alliance industrial consumers who can shares to \$40 from his pretake their business elsewhere vious \$34. The stock, which

Individual shareholders are ion" would be to provide this year. That provides a not the only ones who should yield of about 3.71 percent, be cheering over Alliance's based on the Friday price of performance. The money \$15.30 for the GDRs, each of manager is 57 percent owned which is worth a fifth of a by The Equitable, a U.S. insurance company, which in turn is 59 percent owned by AXA-UAP of France. (IHT)

On-Line Brokers Of German Stocks

I am a small investor and would like to ask if you know of a German company that is involved with trading shares a company that provides buy/sell services and not much else. I have visited the ation on such a service, ample is E*Trade operating in the United States, Canada and Australia.

David Martin, Hamburg

There are several on-line German discount brokers available, and these are listed eral Alliance portfolios out- below. Most of them are sub- 212 755 8785.

performed the S&P by more sidiaries of banks. The Web

CooSors is among the least expensive. To buy about 5,000 Deutsche marks (about \$3,000) Worth of stock would cost the basic fee of 9 DM plus 0.21 percent of the transaction total of 19.50 DM, German

E*Trade does not offer ac-20 most-active international joint-ventures and licensing agreements and that the "vis-

cross-border trading. Charles Schwab & Co., however, does provide on-line access to German stocks for any of its customers who are not prohibited by their own countries from owning them. Transactions are calculated in dollars, a spokeswoman said. (IHT) ADVANCE BANK (subsidiary of Dress

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CHARLES SCHWAB

Letters to The Money Report may be sent by e-mail to moneyrep@iht.com. They can also be mailed to us at the International Herald Tribune, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France, or at the New York office at 850 Third Avenue, New York, New York, 10022. U.S.A. Faxes may be sent to 1

Get a Good U.K. Buy and Value, Too

By Barbara Wall

■HE DUBLIN-BASED goldprospecting company Minmet PLC may not suit all investor temperaments: It has never provolume, or 10.50 DM, for a duced profits or dividends, and it is a fairly illiquid stock with a market capbrokers also charge account italization of just £14.5 million (\$23.7 in the growth-fund category to maintenance fees, which at million). But Minmet has excited the • It is working its way . 8.9 percent from 5.2 percent a ConSors is 1 DM per month, interest of at least one penny-share rough a "massive" year earlier. "We expect out- and a portfolio maintenance penny-share rough.

ber of years now and has several gold-As a result, Mr. cess to German stocks, but a mining operations in Europe and South Moszkowski has raised his spokesman said that within America, the most significant being in three years the company Southern England, Portugal and plans to have operations in the Brazil," said Maggie Drummond, editor of The Penny Share Guide, "It split last March, is currently markets in the world through should not be too long before profits are in sight for all three ventures.

Minmet has recently developed a process for leeching gold from rocks that does not involve the use of cyanide. Ms. Drummond said the new extractive process would be welcomed by the industry and environmentalists alike. The industry is under increasing pressure not to use cyanide in mining because of the apparent damage its does to the environment, she said.

The company is listed on the London Stock Exchange and its shares are currently trading at about 7 pence a share. Mercury Asset Management holds 7 percent of Minmet's stock. At a time when small-capitalization stocks, and partic-

ularly penny shares, are being shunned by professional investors," Ms. Drummond said, "Mercury's interest in Minmet is a favorable sign." Many brokers would argue

that it is hard to find a pennyshare stock that could be described as solid and dependable. But T. Clarke PLC might be an exception. T. Clarke is a British electrical contracting company with a blue-chip client base. It has a number of institutional shareholders, which, according to Ms. Drummond, is unusual for a company of its size. T. Clarke has a market capital-

"There is no doubt that T. Clarke, along with many other solid, smaller companies, has been a victim of the

shake-out that has befallen the U.K. smaller-companies market, Drummond said. "Despite a healthy balance sheet, good management

and rising profits, the share price is still languishing." Shares in the company are trading at about 112 pence

each and the stock yields 7.35 percent. "Now is an excellent time to pick up what is clearly a solid business for a very good price," Ms. Drummond said.

Galliford PLC, a construction company that is listed on the main London stock market, is another penny stock that observers say is grossly undervalued.

"Galliford has been going for over 50 years," said Simon Smith, fund manager of the Albert E. Sharpe Smaller Companies Unit Trust, based in Birmingham. "It has a clean balance sheet, no debts, physical assets estimated at around £19 million and yields around 8 percent. Given these credentials, 17

pence a share for Galliford is a real snip.

Galliford's track record is not blemish-free. The company had some difficulty in the early 1990s as a result of a string of ill-fated diversifications, Mr. Smith said. The new management team has refocused on the company's core business, which is house-building and partnership construction, he added. There is some concern in

the City about growing evidence of a possible downturn in the British construction he said, "but even if there are

problems in the future, Galliford looks. good until at least the end of 2002." Eurodis Electron PLC, a pan-European electronic-components

tributor with a listing on the London Stock Exchange, is another penny stock held by Mr. Smith.

"Eurodis is one of the largest electronic-components distributors in Europe, with sales in excess of £340 million per annum, yet the company's market capitalization is relatively small at just £50 million," Mr. Smith said.

The share price has been hit by a slump in the electronics-components sector, but the sector is on a be an improvement in the company's valuation in the

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coming months." Five years ago, shares in Eurodis were trading at £3 each. Today, they go for 84.5 pence. Profit forecasts are encouraging, Mr. Smith said Pretax profits for the last financial year were £9 million, but brokers' estimates for the coming financial year are close to £20 million.

'Eurodis is consolidating its position in Europe through the acquisition of franchises, and it has strengthened its position in the global market recently following a merger with the U.S. electronic-components distributor Pioneer Inc.," he said. "Given the company's current low valuation and its attractive yield of 7.5 percent, this company is difficult to ignore."

A favorite penny stock of Jay Mar-tulich, editor and coordinator of an online smaller-companies newsletter, Microcap 1000, which aims to discover small, undervalued companies in the United States and Europe, is Waste Systems International Inc., which is listed

on Nasdaq. Waste Systems International buys up companies in the solid-waste business for relatively low prices and aims to make them more efficient.

"Around 60 percent of the stock-is owned by institutions," Mr. Mattulich said. "We believe that the company is undervalued at \$5.625, and is a good buy for those who believe the smaller-companies market is due to pick up soon.

For further information:

THE PENNY SHARE GUIDE. Telephone: In Britain, 054
0000, or from conside Britain, 44 (7) 447 4040.

**ALBERT E. SHARPE SMALLER COMPANIES UN
TRUST, Telephone: 44 [2] 683 7141.

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phone: 1.310 828 8838.

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THE MONEY REPORT

In Italy, Euro Means More and Less

Single Currency Creates New Penny Stocks, but Do They Have Value?

By Stephanie Apap Bologna

LL OF A SUDDEN, Italy has a variety of penny stocks, but be worth 2.50 emos each. investors will have to dig to find any of value.

of he advent of the single changed the nominal prices of some shares that once traded in the thousands of lira to less than a curo.

- Several of these newly minbted penny-stock companies reportedly are considering rerverse stock splits to raise their artrading prices to what might be seen as more respectable

ar Analysts said, however, that this accounting exercise probably would not help much, and might do some harm.

i. In a reverse stock split, a company combines several of its shares into one, oraising the nominal value of the re-" maining shares. If a company with

shares trading at 50 cents executed a 1for-5 reverse split, for example, an investor with 100 shares would end up with 20 shares that theoretically would

But just as regular splits can encour-age a stock's price to rise, a reverse split could have a

dampening effect. 'lt's a difficult option." said Andrea Ruggeri, an analyst for Italian small-cap companies at Goldman, Sachs & Co. in Loudon. "If a company were to push up the nominal value of the share price, it will lose its liquidity.

Subsequently, he ex-plained, there would be fewer shares on the market and, as a result, they probably would trade less actively than the more numerous but lowervalued pre-split securities.

As with other small companies, investors should look at growth rates and liquidity rather than basing a purchase decision solely on a low share price.

Nicolao De Nobili, first vice president of Merrill Lynch & Co. m Milan, said one of the best small-company buys in Italy was Carraro, a maker of components for tractors.

Trading at 4.64 euros, it is a top 1999 pick on the Merrill Lynch pan-European small-companies buy list. Merrill has set a 12-month price target of 6.46 euros for Carraro.

"It's becoming a major supplier to major companies on a worldwide basis," Mr. De Nobili said.

Another small company to look out for is Safilo SpA, which makes glasses and designer eyewear products. It currently trades at 4.18 euros.

"Safilo has been building its operations aggressively through acquisitions," Mr. De Nobili said.

For now, the company has 40 percent of its sales in the United States, but it is rapidly gaining market share in Europe and is not far behind Luxottic SpA, the

market leader. Merrill is less optimistic about this issue than about Carraro. Its 12-month target is 4.80 euros.

man said.

little more than half its 52-week high.

That is a deep discount off its net asset value, Mr. Whit-

Investor worries about ex-

cess capacity caused by over-

investment in the medical-

practice management industry have depressed shares.

provides radiology services through affiliated radiology

practices with a focus on the

development, consolidation

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Looking Long Is the Best Defense

Amid Uncertainty, How Gartmore Manager Beats the Markets

INCE ROGER GUY began managing the Gartmore Con- Monetary Union have? tinental Europe Fund in fortably outpaced the performance of European stock-market averages. During his three-year tenure, the fund has 105.8 percent increase in the benchnational index of Continental European shares. That puts Gartmore Continental Europe, which is domi-ciled in Jersey, in the Channel Islands. sixth-best among the 98 European growth funds tracked by Lipper Ana-

lytical Services. Mr. Guy spoke with Conrad de Aenlle about trying to keep ahead of the averages and the competition in tur-

that has been in the markets since

A. Volatility creates uncertainty, and uncertainty makes life more difficult. You can very easily be caught out, depending on which way the market moves. We just reduced some of the major bets we had on; we were quite underweight utilities, pharmaceuticals and food retailers, and we made sure we were not underweight any more. Now we are only underweight basic industries and overweight telecoms.

Q. There was a hroad consensus before the decline that European markets had hrighter prospects than Wall Street, yet their recovery has been comparatively stuggish. Does that dim your long-term outlook for

A. They've had a huge bounce from the bottom, but they had a larger fall. then when the downturn came they got hit harder. We still feel the long-term prospects are excellent. We've seen a there are a lot more positive things to .. saw it as [likely to have] stronger

Q. What effect will Economic and

A. We think there's a tremendous November 1995, he has com- amount of rebalancing still to go [in the way assets are allocated in equity portfolios]. Estimates seem to vary quite a bit, but there could be 70 to 80 billion returned 134.2 percent, compared to a of rebalancing over the next couple of 105.8 percent increase in the bench-mark Morgan Stanley Capital Inter-when they've done it, and it's very hard to keep a track on it, but we think some of it has already been done. But the onger-term arguments are still there.

Q. You mentioned the spate of mergers being announced. In fact, "re-structuring" has become the mantra

for European investors. How big a theme is it in your stock-picking? A. I think restructuring is the one thing that will probably be brought forward after all the uncertainty we're Q. How much harder has it been to for Europe. What I would expect to see manage your fund with the volatility in the next few months is some substantial amount of job cuts as companies have to adapt to the lower-growth environment. The good thing with Europe is that if there is a recession, profit margins are far lower than they are in the States, so there still is a lot of fat to be chopped out of

European companies. That could protect earnings somewhat in a downturn.

Q. One of your largest holdings is
Unilever, whose restructuring has not set the market alight. Is it purely a safety play?

A. We very much like the stock.

[Unilever's management] has done a very good job in turning the company around. They suffer the problem of all European stocks in not being focused on shareholder value. They made a lot of expensive acquisitions over the years, and I think they suddenly realized a year or two ago that none of these They had performed strongly before, acquisitions had actually paid their way. We just thought the underlying business was looking very attractive. When we bought the stock it was on a number of merger announcements; discount to U.S. peers. We actually growth in the next couple of years.

Q. You cut your stake in UBS during the market's decline, which hit bank stocks more than most. Now it's your largest holding. Were there fundamental factors that led you to change your opinion of UBS twice in

a comple of months?

A. With the volatility that was bappening when the financial system looked like it might be coming to an end - without being flippant, it could have easily happened; it's quite easy to contract a scenario where the banking system was in difficulty — the banking sector was not a place you wanted to be, so we reduced our positions. When we had gotten through that nwful phase, the stocks that did worse in the downturn did better in the up phase. We like UBS as a company, and it had fallen farther than other European financials.

Q. One of your largest positions is in Bayerische Moteren Werke AG. That seems an odd choice, given the poor economic outlook.

A. We have a low weighting in other auto stocks, and we've actually reduced our weighting in BMW. It had a bounce from 1,000 [Deutsche marks per share] to 1,300. We took some money out at 1,300. Its management is very conservative, its accounts are very conservative. We think the problems at [its British subsidiary] Rover have been given too much air time. The stock is at half its high; there's a lot of negative sentiment. We don't like the auto sector much, but it's our favorite company in the sector.

Q. Your portfolio is still more defensive than it was before the market sold off. Does this mean you think the rebound was premature?

A. We're more defensive than we were, not because the recovery doesn't have staying power. It's global un-certainty that's affecting Europe. Who am I to say what's going to happen in Brazil and Japan? It's a case of reading bets [relative to index weightings] rather than becoming more defensive. FOR INFORMATION on the Gartmure Continental Emore-Final, call 44 1534 88 66 88, or fax 44 1534 88 66 89, Garpmore's Web address in www.lti.co.nk/gartmure.

Cheap Picks: Gems of a Veteran Value Investor

By Aline Sullivan

EXAS MICRO Inc. is the per stock of the veteran investor Marty Whitman of Third Avenue Value Fund in New York. or 'We love this company because of what it makes — ruggedized computers — cand because its shares are still so

"cheap," he said. The company, which was founded in y4975, is more formally defined as a manufacturer specializing in the design, production and integration of open-system computing platforms for telecom, Internet and industrial specific applic-

its CompactPCI CP80 product line was recently selected as the 1998 product of the year by CTI and Computer Telephony, the two leading trade magazines for the computer-telephony integration industry.

Michael Stewart, the com-

pany president and chief executive officer, said this week, We look forward to following up on this leadership po-sition in 1999 with the release of several new products and services for the telecom market and finalizing several design win opportunities with several of the leading telecommunication equipment manufacturers in the world."

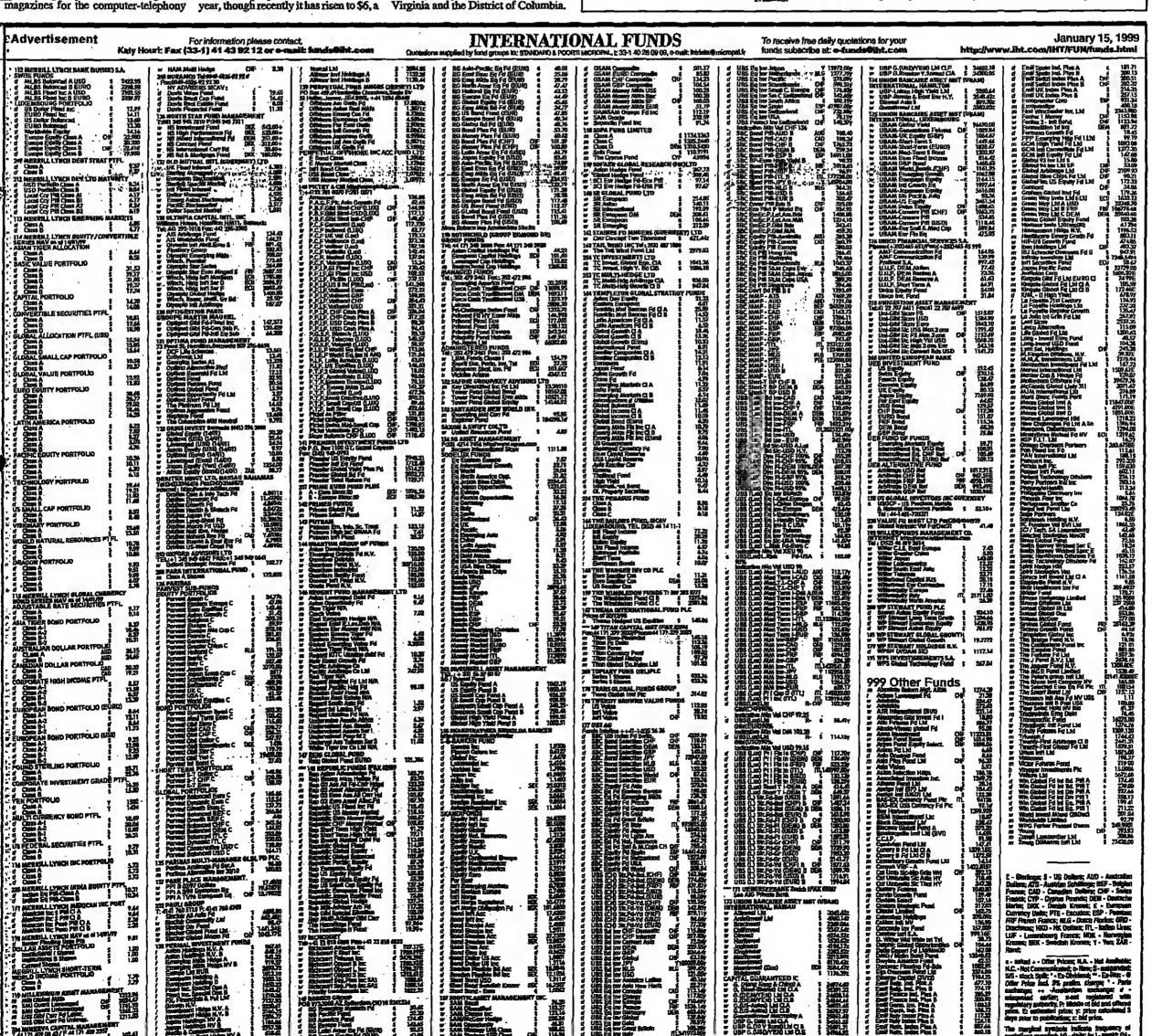
Texas Micro trades on Nasdaq, where its shares were val-ned at about \$4.20 in recent

Another Texas company, American Physician Partners, is also a favorite of The company was below \$5 late last



radiology and imaging center networks. Its network comprises 258 physicians, 50 hospitals and 79 diagnostic imaging centers in California, Florida, Kansas, Maryland, New York, Texas,

American



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WORLD ROUNDUP

An Irish Ryder Cup

GOLF The Ryder Cup's soaring popularity was recognized on Friday with the choice of the K Club outside Dublin to stage the 2005 event. Officials say the Irish course will hold up to 40,000 spectators.

The Arnold Palmer-designed layout, about 20 miles (30 kilomeiers) southwest of Dublin, was named as the venue by Ken Schofield, executive director of the PGA European Tour. It marked the first time the biennial matches between the United States and Europe will be held in Ireland.

Schofield pointed out the event's recent growth and said the Ryder needed to find a site with room for galleries — a shortcoming of the 1997 Ryder Cup at Valderrama in

Warne to the Rescue

CRICKET Shane Warne had to intervene to halt an unruly crowd that threatened to stop Australia's march to an emphatie nine-wicket win over England at a packed Mel-bourne Cricket Ground on Friday.

With tensions rising as Mark Waugh and Ricky Ponting hit runs at will. Warne made a personal appeal to the crowd of more than 82,000 to stop hurling golf balls and even beer bottles as England's batsmeo were skittled out for an embarassing 178. Waugh and Ponting ripped into their opponents bowling to see the home team pass the victory target with more than 10 overs to spare. Play was halted for nearly five minutes at one stage and, if not for the intervention of Warne, the game might have been stopped completely.



Shane Warne appealing to the Melbourne crowd on Friday.

De Boer Brothers Quit Ajax, Ending Dispute

Barcelona Signs Twins for \$22 Million

AMSTERDAM - Ronald and Frank de Boer became the latest members of Barcelona's Dutch colony when they joined the Spanish club from Ajax Amsterdam for \$22 million on Friday.

Ajax announced the news in a brief statement, adding that the players, currently on tour in South Africa, would

The agreement, still to be confirmed by Barcelona, ends a long dispute between the two Dutch internationals and the Amsterdam club.

This summer the twins said they wanted to leave, despite having signed a contract in March 1997 until 2004. When Ajax objected, they vowed never again to wear the Ajax colors and re-fused to train with the club from July until September. Then club and players reached a compromise. The brothers agreed to play out the season with Ajax, while the club said it would work on a transfer for the end of it.

The dispute flared up again recently as Frank de Boer urged Ajax to agree to let him and his brother go by the end of the Dutch winter break

Ajax on Friday blamed Barcelona for holding op the deal. "From the first we worked with Barcelona on the basis of both de Boers going," the club secretary, Arie van Os, said. "In November, they offered a sum that was lower than that agreed by the arbitration committee. Then they were interested in just taking Frank de Boer.'

"Yesterday, at six o'clock, they real-ized that was impossible and Ajax got

the price they wanted," he said.

Van Os said the club regretted their departure, but welcomed the transfer given the circumstances. "We did at least prove that there is value in a contract," he said.

The arrival of left-footed center-back Frank and the midfielder Ronald brings the number of Dutch players on the playing staff at Barcelona to eight, plus Coach Louis van Gaal.

■ Nigerian Striker Joins Arsenal

Arsenal finally signed the Inter Milan and Nigeria striker Nwankwo Kanu on Friday, with manager Arsene Wenger admitting the £4 million (\$6.63 million) purchase represented a big gamble, Re-uters reported from London

The center-forward was signed only after an exhaustive two-and-a-half hour medical that included a specialist check-up from a cardiologist. Kanu, 22, spent 11 months ont of the game after doctors found a defective valve in his heart. He returned in August 1997 but underwent knee surgery only two months ago.

Wenger compared the signing of Kanu, on a four-and-a-half year contract, to his £7 million purchase of Marc Overmars in 1997. At the time, there were doubts whether Overmars could recapture his form of the mid-1990s

recapture his form of the mid-1990s because of major knee surgery.

But Wenger was proved right, with the Dutchman helping Arsenal to the league and cup double last season. Wenger said Friday: "It is the same type of gamble I took with Overmars, and I will be happy if we get the same kind of result.



PICTURE POSTCARD — A skier passing Mt. Eiger on Friday in preparation for Saturday's World Cup downhill in Wengen, Switzerland.

IOC: In Wake of Salt Lake City, a Special Meeting on Expulsions and Overhaul of Bidding

Continued from Page 1

ations about the members to the executive board the following day. Mr. Samaranch said that nine members were accused of "serious" offenses that could result in expulsion and that

four were cited for minor violations.

Mr. Samaranch said the executive board could suspend any members found guilty of serious misconduct, Recommendations to expel members would go to the full assembly, where a two-thirds

majority vote is required for expulsion.
The director general of IOC, Francois
Carrard, said Friday that about half-sale the 13 had replied.

Asked why the meeting would not take place until March, Mr. Carrard said: "We have members all over the world. We want to be sure to reach everybody. This is the shortest deadline we can reasonably give."

The March session also will address proposals to revamp the selection process for Olympic host cities. Mr. Sa-maranch has suggested banning visits by IOC members to candidate cities and leaving the selection to the executive board or other smaller body.

"The system we have today is not working," he said. Mr. Samaranch said visits by IOC

members to bid cities were oot necessary because the committee already had a group of experts who inspected the sites and reported on the logistical and financial merits of each bid. Suggestions from other top IOC of-

ficials include allowing the general assembly to vote after the board has narrowed the field to two or three finalists.

Any new process should be in place before June, when the 2006 Winter Games site is to be chosen at an IOC session in Seoul. (AP, Reuters)

■ U.S. Olympic Official Resigns Jere Longman of The New York Times

reported earlier: An executive of the U.S. Olympic Committee has resigned after it was disclosed that he also had a business relationship with the Salt Lake Olympic

Organizing Committee.

Alfredo LaMont was the director of international relations for the U.S. group. The U.S. did not doscribe the relationship except to say that a had been made through the office of Tom Welch, who resigned in 1997 as president of the Salt Lake committee.
One Olympic official said Thursday that Mr. LaMoot had received a four-figure fee monthly from Salt Lake City under a consulting contract, but the official was oot certain whether the contract was still in effect.

Olympic officials, speaking on the condition of anonymity, have identified 10 of the IOC members under suspicion. Seven were linked previously to the Salt Lake City scandal and bave denied wrongdoing. They are Anton Geesink of the Netherlands, Jean-Claude Ganga of Republic of Congo, David Sibandze of Swaziland, Bashir Attarabulsi of Libya, Agustin Arroyo of Ecuador, Sergia Sanfander Fantiniof Chile and Pirjo 1945.

Haeggman of Finland.

Goe FOC official said letters also had formia, go

been sent to Vitali Smirnov of Russia, Lamine Keita of Mali and Charles

Playmaker For Carolina Catching On

The Associated Press The adjustment period might be end ing for Roo Francis.

Signed by the Carolina Hurricanes in the off-season for \$21 million after be spent seven-plus seasons in Pittshurgh feeding Mario Lemieux and Jaromir Jagr and helping to win two Stanley Cups, he has struggled with his new team. But Francis, 10th oo the National Hockey League's career scoring list, had his first three-point game for Carolina on Thursday night, assisting on all three goals in a 3-2 victory over the

Florida Panthers. He set up Glen Wesley's game-winner with 41 seconds left with a perfect pass from the corner. "I took a quick peek before I made the pass." Francy said. "You hope he's going to stay where he is.'

Being at the right place at the right time has often been a problem for Francis and his Carolina teammates. I talked about a learning process and I think I'm trying to learn how different guys play and how they react and they have had to learn how I handle the pusk and where I love to pass it." said Francis who has 10 points in 42 said Francis w cis, who has 19 points in 42 games. It appeared that the two teams bat

tling for first place in the Southerst Division were headed to overtime after Florida's Peter Ratchuk scored his fac-NHL goal with six minutes left to tie itst 2. But Francis fed Wesley in the final moments and the veteran defensement beat a former Carolina goalie, Seja Burke, for the game-winner.

Red Wings 2 Predators 1, OT In Detroit, Vyacheslav Kozlov's goal 200 into overtime gave the Red Wings a victory over the Nashville Predators.

Senators 3, Devils 2 In Kanata, Ontario, Andreas Johansson scored at 12:47 of the third period as the Ottawa Senators beat New Jersey and extended their winning streak to five and their unbeaten streak to 10.

Offers 3, Canucks 1 In Vaneouver, Boris Mironov scored the go-ahead goal in the second period as the Edmonton Oilers continued to dominate the Vancouver Canocks, The Canucks captain, Mark Messier,

got his 1.040th career assist in the first period, tying him with Marcel Dionne for fifth on the NHL's list. Wayne Gret-zky is the all-time assists leader with

formial goalie James o In Inglewood, Cali-formial goalie Jamie Storr won his sixe consecutive start and Donald Audette sa up two goals by Lue Robitaille as the Los Angeles Kings beat the Calgary Flames.

A Tale of Two Mikes: Tyson, Unlike Jordan, Bemoans His Talents

Los Angeles Times Service

AS VEGAS — In Chicago, one Michael retires. In Las Vegas, another Michael returns.

Michael Jordan departs the Chicago Bulls oo top of his game and on top of the world, loved and admired, a role model to the end.

Mike Tyson comes back to fight François Botha oo Saturday night after a 19-month absence from the ring in search of all that Jordan had, his own once-unquestioned spot atop the boxing world oow highly suspect, his role never eonsidered a model by society. Tyson never seemed to care about that

in the past. Let the other Michael sell the shoes, push the cologne and co-star with cartoon characters in the movies. Tyson didn't seem to want to be like

Mike, the basketball player. But then, he didn't want to be like Mike, the boxer, either. He loved those precious moments in the ring when he could

unleash his rage on opponents. But he hated all that went with the heavyweight championship — the spotlight, the crowds, the media, the endless news conferences and the overall scrutiny.

Jordan fed off the fame, using the opportunity afforded by his talent to build a sparkling image and a financial empire, largely avoiding the temptations of evil with the exception of a few ill-advised wagers. But where Jordan saw his skills as a

could no more avoid trouble than his opponents could avoid the devastating punches that knocked them senseless. Tyson sees himself as a victim of his past, an unavoidable product of a child-

blessing, Tyson saw his as a curse. He

hood spent in the roughest streets of New York. But ultimately, he has to take responsibility for his misfortune. There could be no one else to blame

for the rape conviction that landed him in prison, for the choice of handlers that Vantage Point/STEVE SPRINGER

left him near financial ruin, for the earbiting incident against Evander Holyfield that cost Tyson a year and a half of his career.

But as he prepared to face Botha at the MGM Grand Garden Arena, Tyson seemed to be making a genuine effort to come in from the cold rejection of so many. He has trained diligently, listening to his trainer, Tommy Brooks, working on regaining the ring techniques he long ago abandoned, signing autographs and meeting for long sessions with the media.

week, in a dressing room near the arena, that Tyson revealed an incident that helped lead to his turnaround.

Just recently, he learned that Cus D'Amato, the man who discovered him as a tecnager and became his mentor

It was at one such session earlier this

before dying in 1985, had left Tyson money in an individual retirement account that has grown to \$200,000.

"The longer you live, the more you find out about people," Tyson said. "I used to spend \$200,000 on belts and underwear and champagne for girls in nightclubs so it's an insignificant amount, but now I understand the saying, 'It's the thought that counts.' "
"It made me feel better to know there

are good people in the world because what I do attracts scumbags," he said.

Tyson bemoaned the fact that he had so much success so early, that he became heavyweight champion at 20. "I was really screwed up," he said. "I wasn't ready for it. I should have been put in jail then. When they made me a champion, they truly screwed me up. I could have done a lot more with a lot less."

Tysoo covered a wide range of cople and topics in the interview, from Machiavelli and Nietzsche to his views of God and his opinion of his place in the boxing world. He was philosophical, funny, boastful, a humble victim in one sentence and an arrogant aggressor in the next. But above all, he portrayed himself

as a man who was sincerely trying to overcome a life full of regrets. When the session was over, Tyson

apologized to reporters as they filed out over some coarse language he had used and the anger he had demonstrated. And yet, only 24 hours later, while

talking on a television feed to reporters all over the country, Tyson reverted to his evil side, unleashing a stream of four-letter words. At 32, on the verge of a much-anticipated comeback, Tyson remains a complex work in progress. But this much seems obvious: He still has a long way to go to he like Mike.



pearance before the Tyson fight.

SCOREBOARD

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BASKETBALL U.S. COLLEGE SCORES

Mare **TOP 25** No. 2. Charleonii (15-1) kosto N.C. Charlette 62-60. No. 4. Stanford (14-2) def. S. Colli. 72-55. No. 7. Artzuen (12-1) def. Artzone St. 74-73. No. 18. UCLA (12-2) def. Colifornia 72-61. No. 20, Tex. Clarist, 12-21 lost to Wyoming 94-93. LIADONO COLLEG

Tenn.-Martin 83. E. Ilitadia W. Illinois 74, S. Ufair-68. Artonson St. 70, New Orle

Period: None. Second Period: D. Hull Period: D. Hullby 3 (Druper, McCarty) Third Period: Nativitie. Alcheyrum 3 (Yachreneev, Vopari) Overfines: 3. D-Kaziov 9 (Yzeman, Fedorov) Shelts on gent: Nativitie: 3-5-6-2—16. D-13-

as Angeles 1 8 2-4 First Period: L.A.-Robitolie 23 (Audelle,

THURSDAY MERLITS

Verpront 64 Delaware 63 Georgia St. 87, Compbet 64

SOUTH AFRICA VS. WEST INDIES

Boise St. 73, UC Irvine 61 Brigham Young 83, San D Brigham Young 83, San Diego St. 76 Colorado St. 73, Southern Meth. 62 Fresno St. 70, Tenos-El Paso 54 New Mexico St. 60, Long Beach St. 46 Oregon 87, Washing UNLV 78, Rice 72

WOMEN No. 5 Lo. Tech (13-2) def. Artemes St. 94-No. 8 Colo. St. (18-1) def. Tex. Christian 89-No. 10 UCLA (13-4) def. Colifornia 87-62. Na. 12 Dain (144) del Na. 14 Chemon (134) 16-77. No. 15 Rutgers (144) del VI. Virginio 73-54. No. 10 Pin. (134) bei in No. 25 Autom (134) 76-71. No. 19 Alubama (11-5) del Miss. 78-51.

No. 22 Virginia (11-4) def. Ga. Tech 82-62 EUROLEAGUE

Pau Orthez, Fr., 70, Red Stor, Yegoskivia, 61 artementene Zeighis. 21 poliche Fener-bahce. Turkey. 19: Pau Orthez 18: Cibona

el Aviv 92, Soratov, Rossia, 69 licos, Greeco, 82, Varene, Italy, 71 mass: Panathinalias 24 points Efes Pilseo, Turkey 20; Viloria, Spoin 18 Maccabi Tel Aviv 17: Varene 17: Saratov 14. Kinder Bologna, It., 72 Yearneys, Bologna, It., 72 Yearneys, Bologna, It., 72 Yearneys, Bologna, It., 74 With Market Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Market Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Market Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Market Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Market Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; PAOK Salunika, Greece, 18; Cara Minder 19; Tearneystem 19; Cara Minder 19; Cara Mi

GROUP H Olimpija, Slovenja, 76 Zodgr, Croalia, 65 Raal Madrid. Spain, 74 Alba Berlin 63 Villeveburne, Fr., 72 Ulkerspor, Tehkey 56

CRICKET

oth Africa: 311 for 9. TRIANOGIAE STEEL AUSTRALIA VS. ENGLAND

FREDAY IN MELBOURNE England: 178 from 43.2 overs. Australia: 182-1 from 39.2 overs.

REW ZEALAND VS. NOV

TENNIS FRIDAY IN HOSART, AUSTRALIA

SEMPINALS . Rita Grande, Italy, Jel. Amy Frazier, U.S., 6a Rubia (5), U.S., def. J Decogis (1), France, walkover. . ADCKLAUD OPEN FREDAY IN AUCKLAND, NEW ZEALAND

GUARTERFINALS
Fellx Martillia (2), Spain, def. Dominik
Hrbaty, Slovaka, 2-6, 7-6, 6-3. Tommy Hous (5), Germany, def. G. Ranta, France 7-6 (7-4), 7-6 (7-2). Sjeng Schalken, Netherlands, def. Bret en, New Zeoland. A.J. A.J Hoos def. Mantilla 4-6, 6-3, 6-3.

STRIKEY MITURICATIONAL

FREDAY IN SYDNEY, AUSTRALIA

bare Schett, Austria, 6-3, 3-4, 7-6 (7-5). Todd Martin (8), U.S., del. Thomas Muster, strip, 6-2, 6-1.

TRANSITION

LA.CLIFFERS—Named Chris Ford coach and m Brever and Jim Todd assistant coaches.

ER-Signed QB Chuck Cle LB Artic Ularer to future controls:

JACKSONVILLE-Signed Torn Couphile.coach,
to 4-year control extension through 2003.

ALLAMI—Named Dave Wapnisted assistant

near cooch.

NEW SIGLAND—Fired Paul Boudreus, offensive line coach, and Sleve Wallers, wide
racelvers cooch.

N. Y. GRANTS—Named Jim McNally offensline coach. e line coach. OAKLAND—Signed QB Andre Wore and TE

PHILADELPHIA Named Rod Downouer PHILADELPHIA—Named Rnd Downwer offensive coordinator. Brad Childrens QB cooch and Pat Shameur fight ends cooch. Signed K David Alam, WR Kotho Collon, P Tony Martino and WR Harvey Middleton.

SAN DIEGO—Added Paul Clayel and Mark Banker to coocining stati.

SAN FRANCISCO—Signed Steve Markocci, cooch 105-year contract. Final Vinny Cerrain, declared informs naturated.

MATIONAL HOCKEY LEABUR
CALBARY—Activated G Jean-Sebastion
Gigoere from injural reserve.
Los Ancilles—Activated O Dogs Bodger
from injured reserve.
PHOENDS—Acquired D J.J. Dalgnesutt the Noshville for future cons UNITEDSTATESOLYMPIC ounced resignation of Alfredo La Mont, seni director of international relations

COLLEGE

ATLANTIC 10 COS

LENTIC 10 CONFERENCE—Sesponded St. phrs freehman C Damion Reid 1 game for parismanike conduct during Jan. 6 game against Dayton.

MID-Confinent conference—Suspended inest busicehol cooches Bo Elfer from Chicago State and Grag Kompe from Coldand I game each for violations of Code of Ethics.

ALABAMA—Assounced that OL Modde ard Long bas from ILLINOIS STATE Amounced baskefool F

THE WEEK AHEAD SATURDAY, JAN. 16

AMBRICAN POOTBALL, Stocford, Coll-ornia — East-West Strice Clossic. ACHILETICS, Boton Rooge, Louisiuma — BSLED, Winterberg Germany -- Work

BOBESLED, Winterberg, Germany — World
Cop/European Championships in Jan. 17.
BEATME.ONE, Ruthpolding, Germany —
men, women. World Cap. to Jan. 17.
castecters. On istriburch. — N. Zueland vs.
India. 4th 1-day infernational. Pretoria. — S.
Africa vs. W. Indies, 5th test, to Jan. 19. Brisbane — Carlion and United 1 Day Series. Australia vs. England. Beste Cap. 1st resead. Barbados vs. Windward left Jannaica vs. Leeward
ist Trin. and Tobogo vs. Goytons. to Jan. 18.
privisea. Wellington, New Zackind — 11th
Diving World Cap. to Jan. 16.
6045. Honotek, Hawdii — men. Sony
Opes, to Jan. 17. Johannesburg. S. Africa —
men. Albed Durnhill PGA, to Jan. 17. Orlando.
Hodda — women, 'The Innanganal, to Jan. 17.

Fladda — women, The Incaganal, it LUGAE, Bad Glisern, Austria — W (ngjurai kack), to Jan. 17. Oberhof, — World Cup (or/Hickel track), to Jon. 17.

secreta Recessor, Grando-Dokor Redy, to Jon. 17. saniste, Melbourne, Austrolia — 1999 Salling Worlds, to Jun. 22. sace Junepusea, Zakopane, Poku 176KHIII, to Jan. 17.

n, Sydney international, to Jan. 17: Hob strulia — women. Tasmonian internati en Oper. to Jan. 17. SUNDAY, JAN. 17

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MONDAY, JAN. 18 www.mee. Hobart, Australia -- World

TUESDAY, JAN. 19 momen.go, Igis. Austria — World Cup, to SOL 24.

COMMENTAL Melbourne — Cariton and
Inited 1 Day Series, England vs. Sri Lanke,
SHOWING ARDUNA, Schonfied, Switzer,
and — wen, wemen, World Cup, to Jun, 29. WEDNESDAY, JAN. 20

Space, Madrid, Spain — Spanish Cup. 4th round. 1st leg.

acit.J., Indian Wells, California — men.

Bob Hope Classic, to Jan. 24. THURSDAY, JAN. 21 securea, Alpine World Cop., Corlins d'Am

pezzu, hajure rrond Cup, Corfins d'Am-pezzu, haju- women, downhill. caucaxxx, Hobort, Aut. — Corfton and United 1 Day Series, Australia vs. Srl Lonica. Lucziz, Canale d'Agorda, Italy — World Cup (natural truck), to Jon. 24. QOLS, Naples, Florida — women, Naples, Memorial, to Jan. 24. Cape Town — men, South African Opera to Jan. 24. FRIDAY, JAN. 22

BLATHLON, Antholz, Huly -- World Cop. to

MING., Sydney, Australia — World

10., Sydney, Australia — wasser, iney international, to Jan. 17: Hobert.

11. — wasser. Tassanian Internation-1.17: Auddand, New Zeoland — men, of Open. to Jan. 17.

SUNDAY, JAN. 17

REAM FOOTBALL, NFL: AFC and implemship games.

12. Apple World Cup. Kitzbeled.

Austria — Men. downhill (2), combined.

Control of Ampezzo. Italy — women, down-lik, Prestrict World Cip. Manuser. Variat.

12. Control of Ampezzo. Italy — women, down-lik, Prestrict World Cip. Manuser.

MARCH.

11.14

IRIGAM FOOTBALL, NFL: AFC and

BHOWINDARDING, Grocher, Switzer particular of mer. women, World Cup.

BOCCER, Algiers — African Masions Cap
qualifying, Ghana vs. Mazambique: Eritrez vs.
Cameroor: Equatoriol Goines vs. Morocco:
Sierra Loone vs. Togo: Republic of Congo vs.
Malk Ivory Coast vs. Namibia: Angola vs. Sobors Moutillos vs. South Africa; Senegal vs.
Bushing Canna Minado vs. Reminist Congol vs.
Bushing Canna Minado vs. Reminist Congol vs. bors Mourenos vs. South Africas Senegas se Burkind Feere Nigeric vs. Burundir Congo vs. Kenyo: Madagascar vs. Zombies Liberia vs. Ugando: Algeria vs. Tunksia. Tel Aviv — III-Nations tournament. Nankov vs. Estonia 3 Cons SPEED SKATHOO, Oberstoorf, Ger. — Euspean short brock championships, to Jan. 24.

SATURDAY, JAN. 23 AMERICAN FOOTBALL, Mobile CRISCOT, Adelaide Cariton and United
1 Day Series, England vs. Sri Lanks.
OLYMPICS, Louisanne, Switz. — Inquity
Parel meets looking into IOC corruption; on
Jan. 24 Executive Board meets on IOC cor-SK1.Street

reki Cup, to Jan. 24 SKIINO, Alpine World Cop. Corlins d'Am-ezzo, Haly — wonten, super-G. Kitzbuehel ustria — men, downhill. World Cup, to Jan. 24.

SUNDAY, JAN. 24 AMERICAN FOOTBALL, Honolulu -NCAA, Huta Bow NCAL Huis Bows.

GRICKET, Edst Landon. South Africa —
South Africa vs. West Indies, 2d 1-day infermational, Adelaide — Cartino and United &
Day Series, Australia vs. Sri Lanka,
Ioa MOCKEY. Tompa. Plarida — NHS.
All-Sire Greene.

Note: NOCKEY, Tempo, Florida — NHE. Al-Stor Gome, Scurec, Alpine World Cup, Cortino d'Ant-pezo, Hally — women, giorit statom. Clirbue-nel. Austria — men, skalom, combined. Net-

Tennis Tours Get Down to Business On Eve of Australian Open, Aides Tackle Off-Court Nitty-Gritty

By Christopher Clarey International Herald Tribane

MELBOURNE - The Australian Open begins here Monday without Pete Sampras, but with every other player I tho matters in men's tennis and nearly every player who matters in women's tennis except for the 1998 Wimbledon finalist, Nathalie Tauziat of France, and the 1997 French Open champion, Iva Majoli of Croatia

But not all the meaningful activity will be restricted to the court in Melbourne. There are also significant off-court issues to address. The WTA Tour is currently without a title sponsor, although it is negotiating with five different companies and hopes to agree to terms with one before the end of this tournament on Jan. 31. The ATP Touris also at a pivotal moment in penetiations also at a pivotal moment in negotiation with its top nine tournaments, currently known as the Super 9 and which include the events in Key Biscayne, Indian . also at a pivotal moment in negotiations

The Tour announced an agreement with the nine events in November, but the terms have yet to be finalized and



resentatives will meet with the Super 9 tournament directors again in Melbourne next week. According to Patrice Clerc, the French Open tournament director who also runs the Super 9 indoor event in Paris, "In principle we are in agreement but the devil is in the details." Clerc said that combining the mar-

keting and television rights into one package for all nine tournaments was complicated but that significant progress had been made, which is precisely what the ATP Tour must make if it is to stuff out any further attempts by Boris Becker or his corporate allies to lure away tournaments or players to a re-

"The nine and the ATP Tour are together and I think we now have a good sense of what the value of our product is," Clerc said. "If the ATP Tour's financial offer is acceptable to the nine, there is no reason we won't deal with them. But if the offer is not sufficient, I think the nine are ready to hear what others might have to offer."

There is also the issue of Petr Korda, whose one-year suspension for his positive test was overturned by an independent appeals committee appointed by the International Tennis Federation. The ITF since has announced plans to appeal that decision to the Court of Arbitration for Sport in Lausanne. But Korda's lawyers are now trying to block that move in the United Kingdom, saying the ITF is not entitled to appeal the

ruling of its own appeals committee.

"Before we lodged our appeal, we took independent legal advice," said an ITF spokesman, Alan James. "That is why we took our time considering our options, but we do believe we have that thority in our rules to appeal to a higher court."

James said player protest over Korda's rescinded ban was "a factor" in the ITF's decision to appeal. "We absolutely were thinking about it before the players responded; it was not a kneejerk reaction on our part, but their comments certainly played a role," he said. The ATP is holding a meeting on

Saturday in Melbourne to provide players with a detailed explanation of how

Tour officials and their marketing rep- WTA operates. Korda is expected to be present at that meeting. ITF officials are not expected to attend.

"The ATP want to go through the program, gauge the reaction of the playcrs and then speak to us," James said.
James also said the ITF would pu forward a recommendation to the ATP and the WTA that they endorse the International Olympic Committee's call for a two-year ban in all Olympic sports.

for first-time drug offenders. Tennis currently has a one-year ban for players who test positive for performance-enhancing substances such as steroids. The IOC, which will stage a drug summit meeting in Lausanne in early February, has said that federations that do not comply with its proposed common drug policy risk expulsion from the

Olympics.

"The IIF support it in principle,"
James said. "We would fall into line with the two-year ban but such bans would still be subject to modification or review by our appeals committee."

■ Hingis and Davenport Line Up

The top two contenders for the women's crown at the Australian Open, Lindsay Davenport and Martina Hingis, set up a pre-Melbourne showdown with semifinal victories Friday at the Sydney International, Reuters reported

But their performances at the Sydney International gave few chies to the year's first Grand Slam event, where defending champion Hingis will be hop-ing to topple Davemoort from the top of

World number one Davenport was patient and effective, but still well short of last season's best, as she ousted Steffi Graf, 6-2, 7-5. Graf, 29, who held the number one ranking for a record 186 consecutive weeks, briefly threatened an upset with some killer forehands in second set but paid the price for hard-fought victories over both Serena and Venus Williams in earlier rounds.

In the other semifinal, Hingis held her nerve to see off a surprisingly fierce challenge from Austria's Barbara Schett. The 24th-ranked Schett looked set for victory after breaking Hingis to take a 6-5 lead in the third set, but an Martina Hingis bouncing racket the joint drug-testing program admining incredible retrieve by Hingis around the post gave the Swiss two break points in



Mark Philippoussis on a hot day on court Friday in Melbourne.

the next game and allowed her to break back. Hingis took the match, 6-3, 3-6, 7-

6 (7-5). In the men's draw, the American Todd Martin, 28, was in devastating form, hlasting past gritty former world number one Thomas Muster, 6-2, 6-1. Despite the score, the Austrian baseliner did put up a fight. But Martin, world ranked No. 16, served 14 aces and fired inner after winner.

Martin will meet Spanish top seed Alex Corretja, who ground out a 7-5, 6-4 victory over the defending champion, Karol Kucera of Slovakia, in the last

semifinal of the day.

The Barcelona baseliner has been seeded second for the Australian Open and with world number one Pete Sampras missing the tournament and top seed Marcelo Rios under an injury cloud he could well leave Melbourne as the world's top-ranked player.

■ Philippoussis Downs Chang

Mark Philippoussis surged into the final of the Kooyong Tennis Classic Event in Melbourne on Friday, coming back from a set down to defeat Michael Chang, Agence France-Presse reported from Melbourne. Philippoussis, known for his booming serve and ferocious ground strokes, overcame an early set-back to win, 6-7, (2-7), 7-5, 6-3, to set up a showdown with Sweden's Thomas Enqvist in the final Saturday.

Polti's New Naughty Boy: Virenque to Ride After All

By Samuel Abt International Herald Tribune

PARIS - Anybody out there remember the Alka Seltzer commercial that warned against trading a headache for an upset stomach? You do remember it? Franco Polti doesn't

Polti, the head of an Italian company that makes electrical appliances, sponsors the professional bicycle team that bears his name and that ranks fifth in the

BICYCLING

world. He announced at a news conference in Paris on Friday that the team had hired Richard Virency in the team had hired Richard Virency the bad boy of French cycling, while firing Lnc Leblanc, the somewhat reformed and definitely faded bad boy of French cycling. Make that Alka Seltzer a double.

Neither announcement was a sur-Neither announcement was a sur-prise, the rumors having flown about Leblanc for months and about Virenque for a week. "He's a great rider," Politi said of Virenque. "He's got character. That's why I said let's sign Virenque. I like riders like Virenque."

He was also forthright enough to say that his company is hoping to double its business — vacuum cleaners, irons, coffee machines -- in France and thought a French star would attract publicity.

Virenque returned the compliments.
"I'm happy and proud that Mr. Pohi has shown confidence in me," he said as photographers cried "Richard!" in a perfect imitation of the way French teenage girls do - or did before he was implicated in a drug scandal and expelled from last year's Tour de France. "It's a chance to restart my career, the rider said. "I thank the boss for giving

me this opportunity." Both he and Politiused the word "rehabilitate" often, The contract is for two years and no salary figure was made public although, with performance bonuses, it is believed to equal the \$1.5 million he made last

ear with Festina, a French team. Yes, that's the same Richard Virenque who announced in a hissy fit a month ago that he was retiring at the age of 29 because nobody believed in him. Translated, that meant nobody would hire him after the Festina team was

ousted from the Tour de France on charges of having used illegal perform-

ance-enhancing drugs.
Six of the nine members of that team have admitted using the drugs, mainly the artificial hormone EPO. The holdouts are Neil Stephens, an Australian who has since retired; Pascal Herve, a Frenchman, and Virengue, who has insisted since the Tour that he has never failed a drug test but has not said that he did or did not participate in Festina's

organized doping program.

The evidence against him includes testimony by his former directeur sportif. team doctor and his masseur and confidant. Virenque still faces hearings on the charges and a possible suspension.

Virenque insisted that his announcement of his retirement last month was sincere, while noting that he had been negotiating with Polti since October. After his announcement, two teams in Spain and two in Italy, including Polti, span and two in italy, including Polit, intensified negotiations. The sticking point with all of them was money: Virenque makes a lot of it for a rider with few victories. Virenque said he was unsure of his program with Polit, which has a strong climber in Ivan Gotti, who won the Giro d'Italia in 1997.

"I hope, I wish to participate in the Tour this year," Virenque said. "The Four is my reason for living." He said his priorities were the Tour, the Vuelta a Espana and the world championships, which will be held in Italy this year.

Much less attention was paid to the fate of Leblanc, who did not attend the news conference. Brash and selfcentered, Leblanc might have been a role model for Virenque, with whom he has feuded for years.

Now 32, Lehlanc has not had much success the last few seasons and was let go, although his contract still has a year to run, for unspecified reasons. One of them may have been the way he unilaterally withdrew from the Tour last

summer to protest doping investigations. In a discreet way, Polu said, "We've given Leblanc a lot of chances." Stanga offered a hit more: 'It's up to the lawyers now. As far as we're concerned, he's no longer with the team. But if we have to take him back, we'll take him back."

Falcons In for Trouble

By Mike Freeman

in within

4: Herim Men

San Heil

Chuck Knox are the others). They have the confidence. The running back

NFC CHAMPIONSHIP

Jamal Anderson said this week he was not intimidated by the Vikings. They have the offense and defense. Atlanta averages 342 yards a game of offense, and the Falcons' defense is rated third in the conference.

The Falcons seem to have everything, so why won't they beat the Minnesota Vikings? Because while Atlanta is impressive, the Vikings possess potentially the best offense of all time. They have unparalleled explosion, especially at home, where they are un-

beaten this season. To beat the Vikings, a team cannot play conservatively, which the Falcons are sure to try. At-Falcons (15-2) at Vikings (16-1) The lanta will try to duplicate the game plan Falcons have the pedigree. Their of the only team that beat Minnesota coach, Dan Reeves, is only one of three this season; Tampa Bay. The Buccancoaches to take teams to conference eers used a pounding ruining game and championships (Bill Parcells and kept the Minnesota offense of the field for much of the afternoon.

But there are two important distinctions. First, the game was on grass. and it somewhat nullified the quick Vikings' defense. Second, the offensive line of Tampa Bay is bigger than Atlanta's, and that made a difference.

Atlanta will score some points, because Anderson will probably gain over 100 yards, but the Falcons will see what each team that has come to the Metrodome has all season — it is a different ball game in the Vikings' bouse. They jump on you quick; then, when you fall behind, 14-3 or 17-7, the crowd becomes a significant factor in the game. A close game early becomes a blowout in the end. Prediction: Vikings, 38-20



The Broncos' John Elway, who has his eye on another Super Bowl.

Look for Elway to Slip By

DID YOU CUT IT DIAGONALLY? I LIKE TRIANGLES BEITER THAN RECTANGLES, SO BE

SURE TO CUT IT RIGHT!

By Thomas George New York Times Service

Jots (13-4) vs. Denver (15-2) Is it coincidence that the top two passers in the conference meetin me AFC championship? Quarterbacks'do; 'after 'all;" color the personality of their teams and greatly affect their teams' achievements. Little wonder that quarterbacks

AFC CHAMPIONSHIP

attract so much scrutiny. This matchup features a player (the Jets' Vanny Testaverde) who has just begun to smell the sweet aroma of pro success and another (the Broncos John Elway) who has long been regarded as one of the best ever at the position, who only last season reached the peak of pro football by winning Super Bowl XXXII. This season, Testaverde has outplayed Elway. Can he do it in one game and propel the Jets to Super Bowl XXXIII?

MAKE IT AN OPEN FACE SAND-MICH, TOO! PONT PUT ANY JELLY ON IT OR ANTHUNE!

READ! I DON'T LIKE THOS WEIRD GRAIN BREADS!

NO USE SOME NORMAL

fense than the Jets. The Jets own a much better defense than Denver. Check out the runners. For all of the passing, the running game and mmovers in big games always figure prominently. Terrell Davis of Denver averages 5.1 yards a run. Curtis Martin of the Jets averages 3.5 yards a run.

Denver owns a plus-10 advantage in turnovers and the Jets stand at plus 6. The Broncos have won 18 straight at Mile High Stadium but must realize that a road team can topple them, especially because Denver won twice on the road last year (at Kansas City and at Pitt-sburgh) en route to the Super Bowl.

Though the Jets will be intensely hungry and prepared, Elway will slip past Testaverde, the Denver offense will make enough plays against the Jets defense and slip past the Jets offense in production. Denver will gain a minimal edge in turnovers and the wild Mile High crowd will add a required extra boost. Prediction: Broncos, 28-26.

EX THIS IS A

COSED-FACE,

SMOOTH PEANUT BUTTER SWIDWO

ON MEIKO BEEND

Continued to me to the believe to the fitting of the factories

DENNIS THE MENACE



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BAT THE STEAK

FOR YOU

BLONDIE

CHIE

G'NITE COURTNEY GNITE ALEXANDER





TOO TOUGH BUT I'M SURE YOU'LL FIND SOMEBODY WHO'D LOVE TO HAVE IT

UH-OH, IT'S AFTER MIDNIGHT!



G' MORNING COURTNEY









A STATE OF THE PARTY OF THE PAR





CALVIN AND HOBBES

HOW'S MY PEANIT BUTTER SWEWICH COMBIG? YOU'RE USING CHUNK! PEANIT BUTTER, RIGHT? I WON'T EAT SMOOTH!





NON SEQUITUR











DAVE BARRY

Presidential Timber

MIAMI — As we, the American people, approach the new millennium, we face many troubling questions. One is: How can we, as a nation, be sure that we have spelled millennium" correctly?

But an even bigger question facing us, as we approach the year 2000, is: Can we, as a nation, get past the divisiveness, the hitterness, the sliminess — in short, the Jerry-Springer-ness that plagued us throughout 1998? It will not be easy. The American public is still deeply divided, according to a recent Gallup Poll showing that:

• 72 percent of the public agrees with the statement, "President Bill Clinton has been punished enough."

• 71 percent of the public agrees with the statement, "Presideni Clinton has not been punished enough. • 73 percent of the public agrees with the statement, "The

Grand Canyon was created by a race of fierce, prune-eating hamsters from space." These poll results remind us, as if we needed reminding,

that the public cannot be trusted to decide any issue more complex than "eat in" vs. "take out." That is why we Lamar lights up a need leadership, defined, in the U.S. Constitution, as

room the way a "white men in dark suits, and possibly Elizabeth Dole." Even as you read these words, Zippo lights up Mammoth Cave. such men are gearing up for the 2000 presidential cam-

paign — one that promises to deliver all the drama and high-voltage, spine-tingling ex-citement that is evoked by the phrase "Lamar Alexander." That's right: Lamar - a man who lights up a room the way a Zippo lights up Mammoth Cave — is one of the leading Republicans now "testing the waters." Other potential GOP timbers include George Herbert Walker Thurston Crumpet Bush Jr., Steve "51 Years Without Blinking" Forbes, somebody named "John" and the late Calvin Coolidge.

Meanwhile, on the Democratic side, the big news is the

official formation of a campaign organization for - get ready - Al Gore. This should come as a hig surprise to anybody who has spent his or her entire life locked inside a meat freezer, because Al has basically been running for president since he emerged from the womh, clutching, in his tiny hand, a position paper on hreastfeeding. Al's higgest drawback is that he appears stiff in public, to the point where sometimes, when he's carrying out his primary constitutional duty as vice president — which is to stand behind the president and look earnest while the president issues his daily apology to the nation — Al will

look down and see beavers gnawing on his shins.

Al's main rival for the Democratic presidential nomination is former Senator Bill Bradley, a man who, in terms of his ability to fire up a crowd, makes Al look like K.C. and the Sunshine Band. Other leading Democrats testing the waters include Gary "Why Not?" Hart and somebody named

So there you have the main contenders in the upcoming presidential race, a k a CharismaFest 2000. Over the next year, each of these men will try to develop a Vision for the Future; defined as "around \$40 million in cash." They will use some

No more droning, wingtipped, intern-groping, lip-biting clones!

spaniel: "Vote for John. You like John. John have same views as you. See John with family! See John wear dark suit! John very good. Other man very bad. Remember: John."

of this vision to pay for polls so they can find out what

their views are; they will use the rest for television com-

mercials explaining these

views in terms that are un-

derstandable to the average

American voter or cocker

At this point, I think we can agree that America desperately needs a new kind of presidential candidate — not another droning, wingtipped, intern-groping, lip-biting, political clone who can't burp without putting out a press release; but a normal person, a regular guy, a plain-talking "Joe Sixpack" type of individual who has spent his life working in the REAL world, developing houest calluses on his hands and honest sweat stains in both of his ampits from toiling away at the harsh, sometimes brutal, but vitally necessary job of producing one human column per meek

ducing one bumor column per week.

Does such a person exist? To answer that question, in the next few months I will personally conduct an intensive nationwide search, traveling, if necessary, to all four corners of my office. Let us hope, as Americans, that I find this unique individual; and let us further bope that, if I do find him, I can persuade him to run for president and accept our contributions, preferably in cash. I will keen you posted on my efforts, so you ceen vou posted should monitor this space. Remember: Dave.

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An 'Enigma' Returns Triumphant to Broadway

By Matt Wolf

NEW YORK — David Leveaux is drawn to plays that are "killers," he says, and one could argue that this English theater director certainly knows how to slay the New York critics. Although he has worked only three times in the last 14 years on Broadway, where his production of Sophocles's "Electra" — starring Zoe Wanamaker — is now playing at the Ethel Barrymore Theater, on each occasion he has come away with mostly raves. ("Electra" has been extended to more than double its initial eight-week run, and is now scheduled to close on March 28.)

That's an impressive track record by anyone's standard, made doubly so by Leveaux's rigorous choice of plays. He has presented two by O'Neill, including "Anna Christie," a drama that many thought too fogbound and dated to survive a successful run, until his elemental staging with Liam Neeson and Natasha Richardson in 1993. It won a Tony Award for best revival.

Now he has staged a 2,400-year-old Greek tragedy by a dramatist whom Leveaux refers to, with an excited smile, as "the granddaddy of O'NeilL"

The director was also nominated for a Tony for "A Moon for the Misbegotten," starring Kate Nelligan and Ian Bannen, with which he made his New York debut in 1984 at the age of 26. He did not attend the ceremonies that year because, he recalled, "I couldn't afford the suit, and it struck me that if Mike Nichols was nominated" - he won for his production of "The Real Thing" by Tom Stoppard — "then that was the way it was going to go."

In between Broadway ventures—and two somewhat less-heralded Off Broadway ones, directing new plays by Martin Sherman ("Messiah") and Edna O'Brien ("Virginia") — Leveaux's peripatetic travels have kept him away from New York. "David's a hit of an enigma to me in terms

of his disappearing for a time," said Todd Hairnes, artistic director of the Roundabout Theater Company, which produced "Anna Christie." Perhaps inevitably, the truth behind Leveaux's absences from New York is more prosaic, and has to do with a man motivated, he says, not by some "fugitive aspect" in his professional life but by "situations and productions that excite me,'

wherever they may be. Now 41, Leveaux grew up in Derby, in the



David Leveaux, the director of "Electra," is drawn to plays that are "killers."

ante, a ballet dancer.

how you structure a career," he said in an maverick on paper, although to me there is a structure, there is a shape, of a kind."

For much of the last five years, that shape

has been provided by Leveaux's post as artistic director of Theater Project in Tokyo, where he spends about a third of every year

working — largely through an interpreter.
Leveaux first tackled "Electra" for that company, in 1995. He returned to the play in September 1997, when Wanamaker led an entirely separate production, first at the Chichester Festival Theater south of London and then in the West End at the Donmar

He remembered being "fed" both by his work on it in Japan and by an image he had "We wanted to go down a route," Matt Wolf, the London theater critic for seen in an amateur documentary of a young Leveaux said, "that made as direct a con-Variety, wrote this for The New York Times".

Midlands, the son of a cardiologist and the second of four children. Today he lives in West London, with his partner, Viviana Durante, a ballet dancer.

Bosnian girl, perhaps 11 or 12, standing by her brother's grave. The task, Leveaux said, "was how to release the play from its, if you like, academic stranglehold without sup-"I've never been able to think in terms of planting aridity with hysteria, which is not an

interview. Some people are very good at mapping a career, he said, but "I'm not, and therefore, I suppose, look like more of a world. More than 2,000 years later, you realize that, in fact, Sophocles was a realist; snddenly I saw it was actually both necessary and possible to do the Greeks.

The Japanese production then became what Leveaux termed "an experiment" for an aesthetic that has continued to evolve as he and Wanamaker thought through the play in England and then again, with a different supporting cast at the McCarter Theater in Princeton, New Jersey, and now New York.
That cast includes Claire Bloom as Electra's mother, Clytemnestra; Michael Cumpsty as Electra's brother, Orestes; Stephen Spinella be said of it because equally there is as his servant, and Pat Carroll as the Chorus feels passionate about that doesn't.'

nection between the audience and the experience of this play as possible but did not attempt somehow to make it more convenient by making it more conversational; the play cannot be made more convenient."

Instead, the aim was to wed a very Eastern economy of expression and focus to a "psvchological naturalistic suppleness" that, the director said, is no less definably Western. The result, in the adaptation by Frank McGuinness, was a "reducing down to the point of greatest energy" that, Leveaux added, was not that far removed from the plays: of Harold Pinter — like "Moonlight" and.
"No Man's Land" — which he has directed. to acclaim in London.

That's what Harold has done in his writing," Leveaux said. "From Hackney" — Pinter's birthplace in east London — "to Tokyo is clearly a vast distance, but the theater has a magnificent ability to collapse distance and time at will."

And having first discussed a Tennessee Williams revival with Wanamaker (the rarely seen "Eccentricities of a Nightingale" was a candidate), Leveaux found himself unleashing a fury in the actress, both adult in its expressiveness and childlike in its primal, unfettered force. Wanamaker's qualities as a child-woman — enhanced by that notable pug nose and her sad, wounded gaze — have emerged even more essentially, Leveaux said, in New York.

'It's this almost childlike presence in Zoe which opened up the possibility of Electra to me," he said. "You must see someone who in a sense has remained in the captivity of childhood because that's literally what Electrais: She has arrived in womanhood without having mediated that. She's not some 19thcentury aristocratic heroine; she doesn't suffer like that. She suffers like a child; that'a

what makes her dangerous." Leveaux hopes to return to Broadway next season with a revival of Pinter's 'Old Times,' starring Cherry Jones. It is unlikely though, he added, that Broadway would ever be a full-time home. 'In the end, you have take responsibility for your artistic development, and you can't measure that against. bouts of perceived success. It is fantastic when the work one is passionate about coincides with success; it is fantastic. That is all that can be said of it because equally there is work one



Reya said in a statement that it had initiated proceedings on behalf of Hall, who has previously threatened to divorce Jagger over a number of well-publicized indiscretions. The latest involved a Brazilian model, Luciana Gimenez Morad, who says she is pregnant with his child. Hall and Jagger have lived together since the late 1970s and matried in 1990. They have. four children. Hall first separated from the Rolling Stones frontman in 1992 after he was linked to the Italian model Carla Bruni, but a few months later, she and Jagger flew off for a vacation together and she publicly forgave him. More trouble took the daily Le Figaro. "I do my job has been sentenced in New York to two brewed two years ago, after Jagger was like a blue-collar worker." He is appearing in "Les Portes du Ciel" (The Carvin sent four letters to Steru last a lawyer then but never filed divorce papers. Jagger wooed her back with flowers the Theatre de Paris. and presents. Jagger and his first wife,

SPRUCING UP OSCAR - An artist repainting props for the 71st Academy Awards on March 21. turned out Friday to pay their last respects versity's acceptance of money from sentence and was paroled in 1982.

THE model Jerry Hall has filed for to Michel Petrucciani, the jazz pianist divorce from Mick Jagger, her law-yers said Friday. The law firm Mishcon de York. Among the mourners at the Saint-Books, Bennett said he refused because Moustaki, Henri Salvador and Claude Nougaro. He was being buried at the Pere Lachaise Cemetery in Paris.

. The film star Gerard Depardieu has returned to the French stage for the first time in 13 years and says he feels more comfortable there than in movies or on television. "It's a different kind of performance. It's more human, more free. I Gates of Heaven), by Jacques Attali, at

French officials, musicians and fans Oxford University to protest the uni- served six years of a 10-year federal

Roch church in central Paris were the musicians Jean-Michel Jarre, Georges accepting £3 million (about \$5 million) from Murdoch, the head of News Corp., to endow a chair in language and communication. Murdoch's companies are involved in publishing and broadcasting around the world but he is probably best known in Britain as the owner of The Sun, the biggest-selling tabloid newspaper. Like Bennett, he's an Oxford graduate

A stalker who threatened in a letter to and a half years in prison. Michael Lance
Carvin sent four letters to Stern last
spring from Las Vegas. Carvin was arrested in 1975 for pulling a toy gun on the
presidential candidate Ronald Reagan. The playwright Alan Bennett says be ening President Gerald Ford and Vice mmed down an honorary degree from President Nelson Rockefeller. Carvin



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